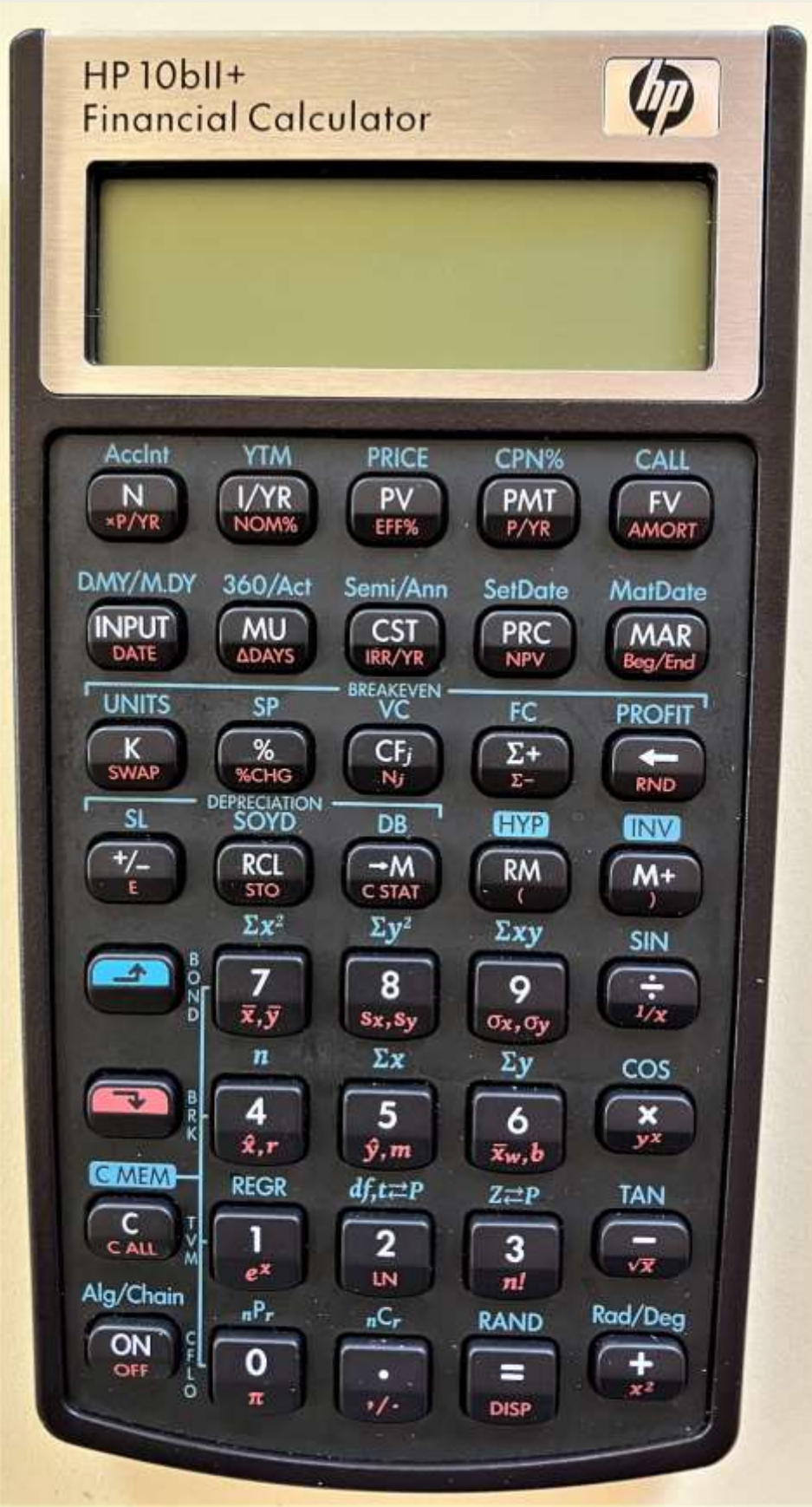


Purpose of this document:

This Problem Set No. 1 file (ver 9e) is designed to accompany the Presentation No. 1 file (ver 9e) accessible from within the “Presentations” header on the SavingandBorrowing.org webpage.

One file is to use for the presentation, the other is to make handouts so each students may follow along as the problems are worked through.

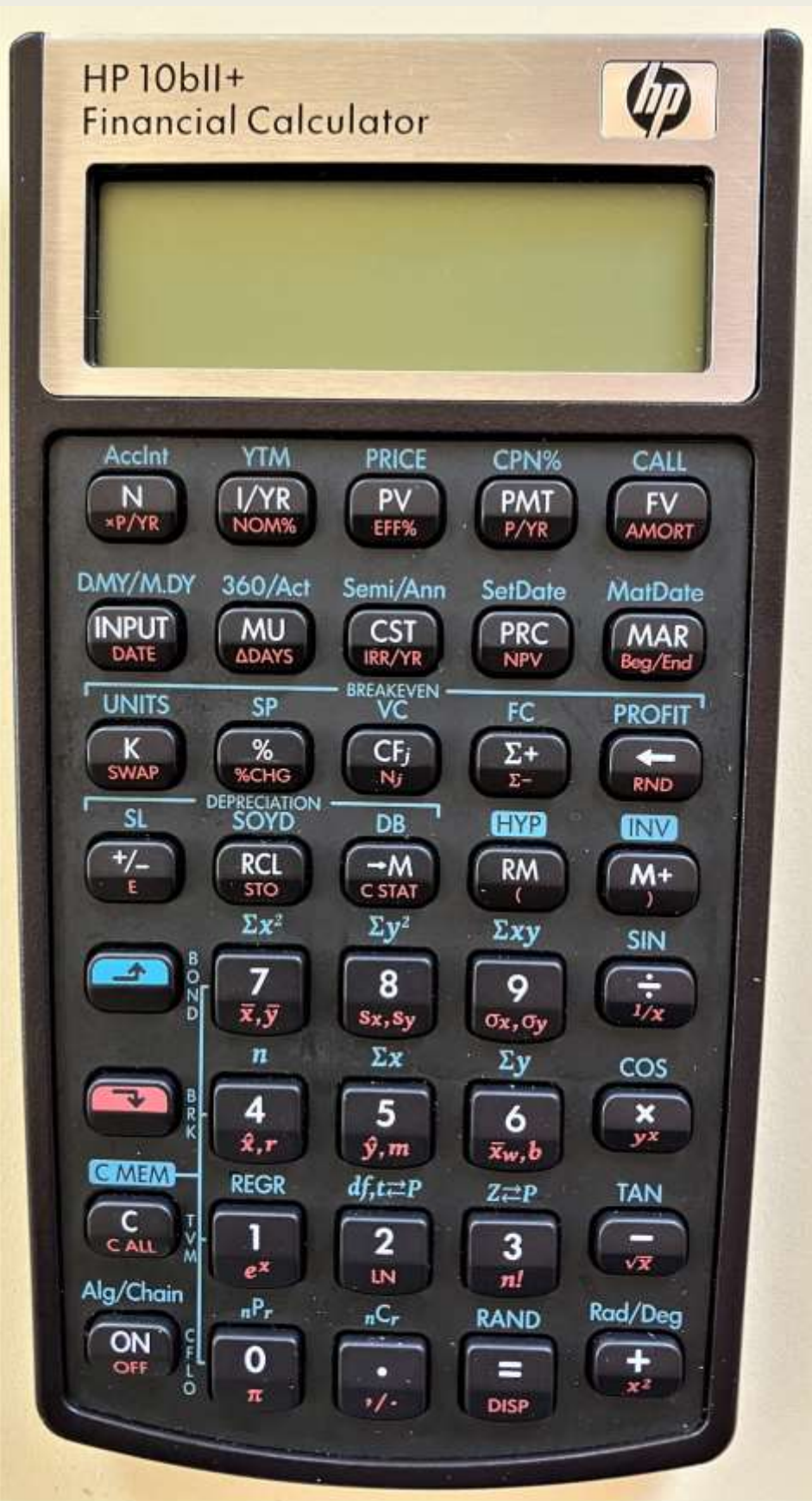


C1b. How much of a loan can I get?

First, press the **Orange Arrow** key, then move your finger down and press the **C ALL** key.

How much of a car loan can you get today if you make a \$300 monthly payment, and are considering a 36-month loan at 7.24% annual interest?

Hint: For your very first entry, I will go step-by-step. So to enter the \$300 payment, first enter 300 on the keypad, and then press the “+/-” key to make the payment a negative number. The next 3 slides will show you exactly what to do.



C2. Saving to become a millionaire?

First, press the **Orange Arrow** key, then move your finger down and press the **C ALL** key.

How much do you have to save per month starting at age 18 to have \$1,000,000 at age 60 if you invest in a stock index fund that averages 10% APR?

_____	<input type="text"/>	_____	<input type="text"/>
_____	<input type="text"/>	<input type="text"/>	_____

3.2. Computing Interest Rate Charged on Rent-to-Own

First, press the **Orange Arrow** key, then move your finger down and press the **C ALL** key.

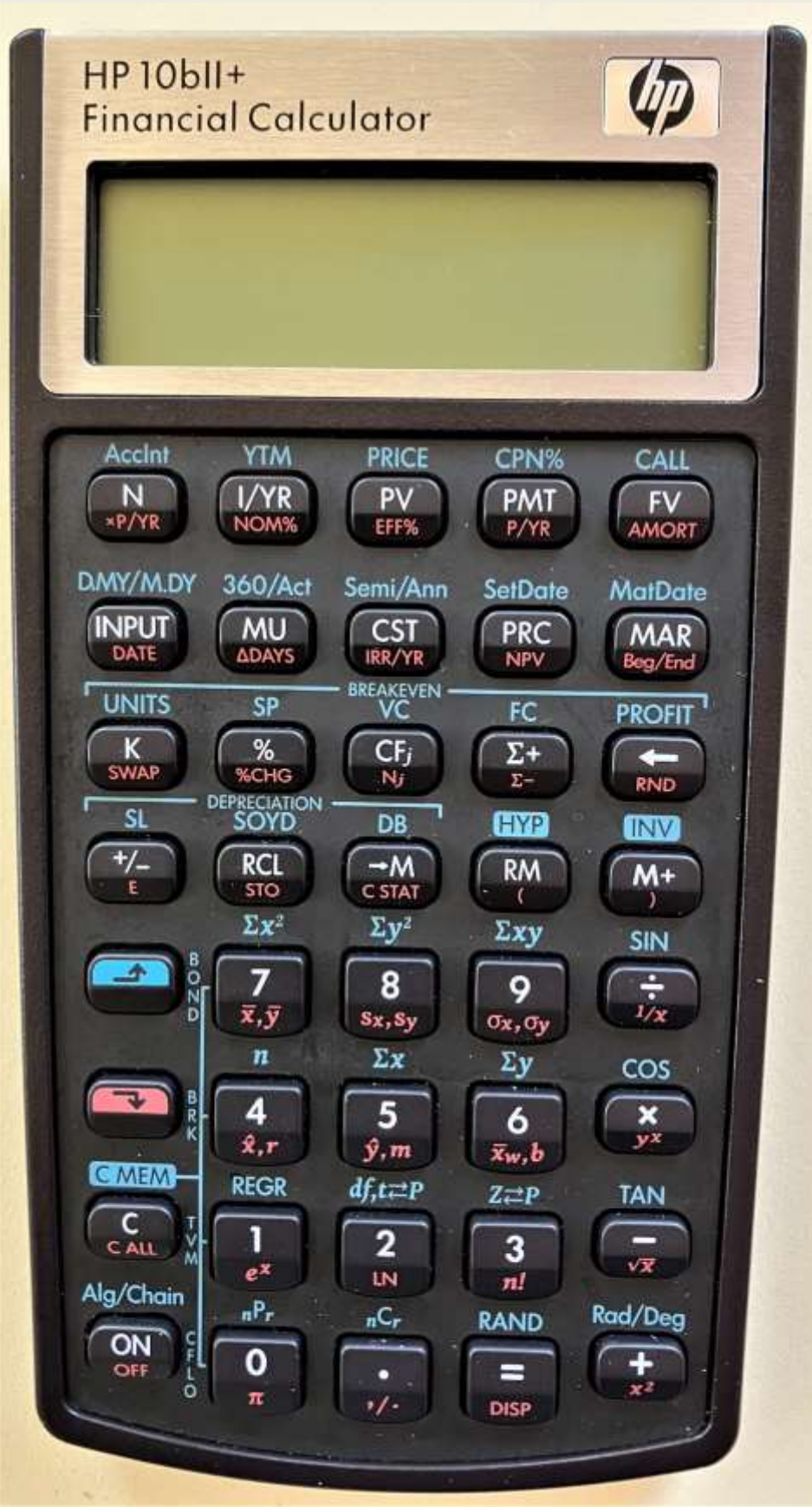
Suppose you walk into Yuddy's Rent-to-Own store in Round Rock and see an HP refurbished laptop you want. Today's cash price is \$1,299.99. If you don't have the cash today, they do advertise a financing plan. The Number of payments you will make is 18, in the amount of \$107.99 per Payment.

TASK: What annual interest rate are you paying on the monthly payment plan?

_____	<input type="text"/>
_____	<input type="text"/>
_____	<input type="text"/>
_____	<input type="text"/>



Discussion: How does this interest rate compare to bank loans, credit cards, and pawn shops?



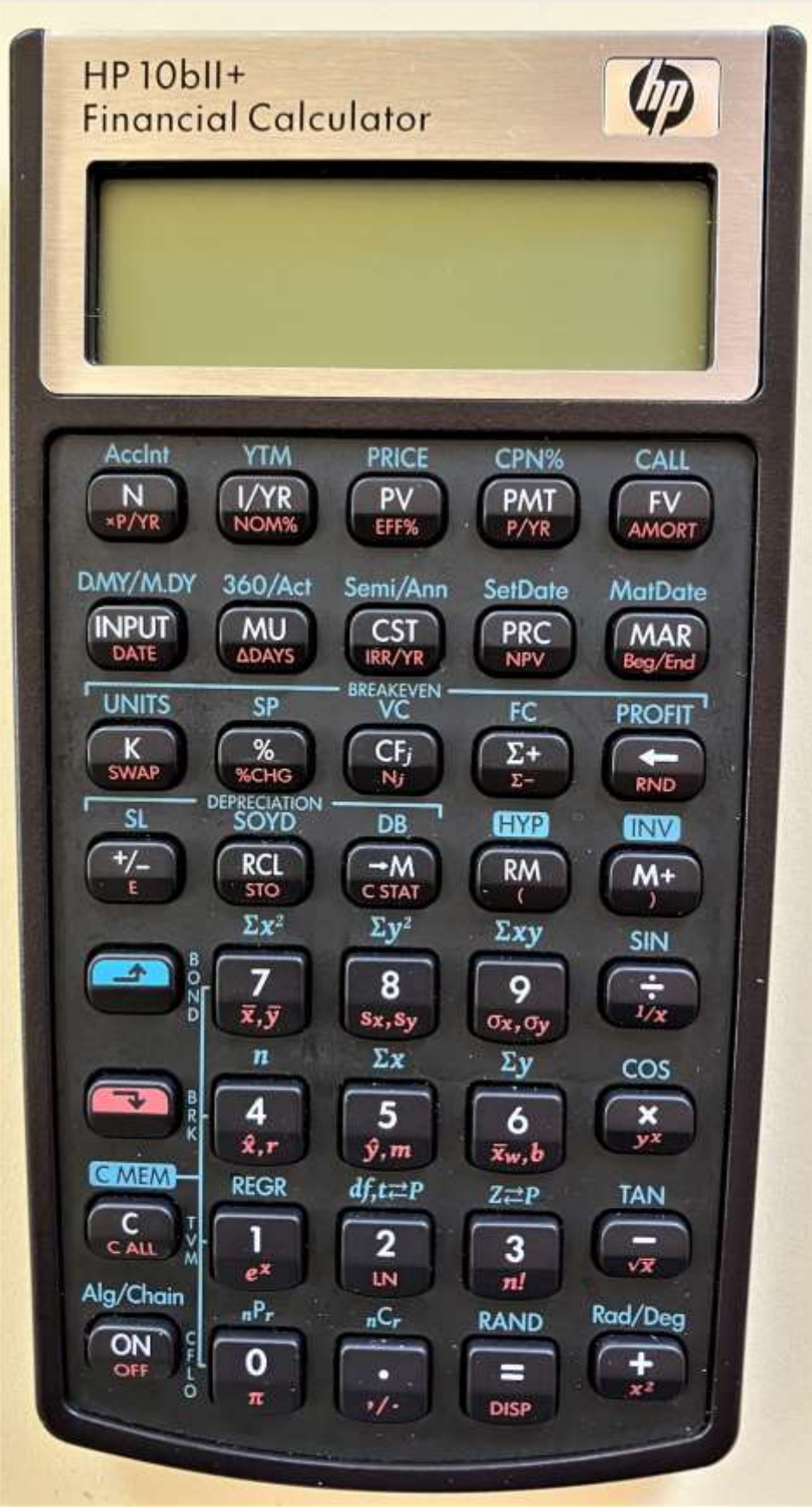
C5. Retirement Nest Egg Amount?

First, press the **Orange Arrow** key, then move your finger down and press the **C ALL** key.

What amount will you need in the bank when you retire in order to make withdrawals of \$2,000 monthly for 20 years if interest rates are 4% APR?

_____ _____

_____ _____



C6. Calculate A Monthly Payment?

First, press the **Orange Arrow** key, then move your finger down and press the **C ALL**.

And of course, a simple payment... What would the payments be on a \$15,000 car loan for 48 months at 7.42% APR? But what if you could only afford \$300 per month, how many months would the loan need to be for?

_____	<input type="text"/>	_____	<input type="text"/>
_____	<input type="text"/>	_____	<input type="text"/>
_____	<input type="text"/>	_____	<input type="text"/>
_____	<input type="text"/>	_____	<input type="text"/>

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