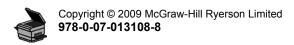
Name:	Date:	
Chapter 7 Literac	y	BLM 7-10 (page 1)
Part A Use the terms to answer or complet	e each sentence. Terms ma	y be used more than once.
accelerated bi-weekly payment accelerated weekly payment amortization amortization period amortization table annuities annuity annuity due	appreciation rate bi-weekly payment consolidation loan depreciation rate financial advisors fixed rate insurance brokers mortgage mortgage broker ordinary annuity	pre-approved mortgage RESP registered retirement savings plan retirement planners RRSP semi-monthly payment term weekly payment variable rate
1. The rate at which the value of a	n item decreases over time	·
2. An annuity that is paid at the en	nd of the time cycle	
3. An investment designed to accu	ımulate wealth and defer ta	ixes
4. A series of equal payments or d	eposits paid at regular inte	rvals over a fixed period of time.
5. RRSP stands for		
6. A mortgag interest rates in the marketplace	e has an interest rate that ve	aries over the term according to the
7. A single loan obtained to pay or	ff multiple loans.	
8. A payment that is made every to	wo weeks.	<u> </u>
9. What type of annuity is a loan p	payment?	
10. The name given to an annuity the	hat is paid at the beginning	of the time cycle.

11. A loan secured by the value of a real estate property.

12. A _____ mortgage does not change with the interest rates in the marketplace.

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13. The gradual elimination of a debt or liability	
14. A payment that is made every week.	
15. A table that shows the breakdown of the princip balances over a certain timeframe.	
16. A payment where one quarter of the monthly pa	yment is paid each week.
17. Mortgages, car payments, and insurance investm	nents are examples of
18. Someone who researches mortgages available fr individuals or businesses.	rom different financial institutions on behalf of
19. A savings plan for a child's future post-secondar	ry education
20. The rate at which the value of an item increases	over time
21. Three individuals who deal with ordinary simple	e annuities in their work,
22. The maximum amount that can be borrowed from	m a lending institution to purchase a house.
23. The length of the mortgage agreement.	
24. A payment where half the monthly payment is p	paid twice a month.
25. The time frame for which the calculation of a m	ortgage payment is determined.
26. A payment where half the monthly payment is n	nade every two weeks
Part B Determine if each statement is true or false. If false,	
1. In an accelerated weekly payment plan, the equi each year.	valent of one extra monthly payment is made
2. Semi-monthly payments are usually paid on the	1st and the 15th of the month.



Na	ne: Date:
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3.	In an accelerated bi-weekly payment plan, the equivalent of one extra monthly payment is mad each year.
4.	A consolidation loan is usually negotiated at the same interest rate as the original loans.
5.	A consolidation loan results in a single more manageable payment.
6.	A pre-approved mortgage is used to determine the maximum house price a buyer can afford.
7.	Canadian mortgages are simple annuities.
8.	In Canadian mortgages, the number of payments per year does not equal the number of compounding periods per year.
9.	The amortization period and the term of a mortgage are different.
10.	The amortization period is the same length as the mortgage agreement.
11.	RESP earnings are not taxed for the parents who contribute the money.
12.	RESP earnings are taxed for the child who uses the money.
13.	The government will contribute the same amount to an RESP as the parents do.
14.	The government will contribute an unlimited amount to an RESP.
15.	RESPs are only for children under 19 years of age.
16.	Income contributed to an RRSP is not subject to income tax until it is withdrawn.
17.	Income contributed to an RRSP is usually withdrawn before retirement.

Name:	Date:
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Chapter 7 Literacy Answers

Part A

- 1. depreciation rate
- 2. ordinary annuity
- 3. RRSP
- **4.** annuity
- 5. registered retirement savings plan
- **6.** variable rate
- 7. consolidation loan
- **8.** bi-weekly payment
- **9.** ordinary annuity
- 10. annuity due
- 11. mortgage
- 12. fixed rate
- 13. amortization
- 14. weekly payment

- 15. amortization table
- **16.** accelerated weekly payment
- 17. annuities
- **18.** mortgage broker
- **19.** RESP
- **20.** appreciation rate
- **21.** financial advisors, insurance brokers, retirement planners
- 22. pre-approved mortgage
- **23.** term
- **24.** semi-monthly payment
- 25. amortization period
- **26.** accelerated bi-weekly payment

Part B

- 1. True
- **2.** False. Payments are usually made on the 15th and the 30th of the month.
- 3. True
- **4.** False. Consolidation loans are negotiated at a lower interest rate.
- **5.** True
- **6.** True
- 7. False. Canadian mortgages are not simple annuities because the number of payments per year does not equal the number of compounding periods per year.
- 8. True
- **9.** True
- **10.** False. The amortization period is a different length than the mortgage agreement.
- **11.** True
- **12.** True
- **13.** False. The government contribution is a percent of the parents' contribution, up to a maximum amount.
- **14.** False. There is a maximum life-time amount the government will contribute.
- 15. False. RESPs are only for children under 18 years of age. Someone 18 years and over is an adult.
- **16.** True
- **17.** False. Income contributed to an RRSP is usually withdrawn after retirement.

