

# BLM Answers

## BLM 9-1 Prerequisite Skills

- a) 0.9545      b) 0.0125      c) 3150  
d) 51 581.25    e) 6562.5      f) 3853.5
- a) 0.025      b) 0.05      c) 0.01  
d) 0.005      e) 0.075      f) 0.07
- a) 0.14      b) 0.08      c) 1.25  
d) 0.003      e) 0.049      f) 0.44
- a) about 40      b) about 150      c) about 125  
d) about 100    e) about 250    f) about 100
- a) 0.04      b) 0.004      c) 0.125  
d) 0.025      e) 0.0355      f) 0.012 25
- a) 27      b) 64      c) 6.25  
d) 0.64      e) 1      f) 32
- a) 1.437 660 951    b) 0.315 299 797    c) 3.517 876 292  
d) 11.044 871 08    e) 1.161 616 782    f) 3.225 099 944
- a) 0.6%      b) 7.5%      c) 0.5%  
d) 1%      e) 8.5%      f) 1.1%
- a) 144      b) 12      c) 10  
d) 92      e) 25      f) 5
- a) \$8127.50      b) \$5409.63  
c) \$1047.28      d) \$29 328.37

## BLM 9-3 Section 9.1 Savings Alternatives

- a) \$875.38    b) \$25064.81    c) \$5282.68    d) \$1506.13
- January: \$11.75; February: \$4.95; March: \$8.35; April: \$14.30; May: \$10.90; June: \$4.95; July: \$16.00; August: \$11.75; September: \$9.20; October: \$16.85; November: \$4.95; December: \$15.15
- Yes. Choosing the second bank would have saved Jeremy money. Jeremy paid \$129.10 in transaction fees in one year at the first bank. At the second bank, he would have only paid \$97.00 in transaction fees.
- Option 2 would be best for Barika.
- Option 1 would be best for Abbas.
- Answers may vary. Sample answer: Heather does not carry cash so she will likely make many transactions in a month. Option 3 would be best for Heather.
- a) \$786.88    b) \$953.42    c) \$1540.75
- \$2074.66
- Mathieu: \$3166.45; Lizette: \$3223.73; Lizette will have \$57.28 more
- Plan 1: \$1816.70; Plan 2: \$1790.84
- Answers may vary. Sample answer: More frequent interest payments will result in a larger amount interest being paid on the investment.
- Plan 1: \$3612.22; Plan 2: \$6524.08
- Answers may vary. Sample answer: A longer investment period will result in a larger the amount of interest being paid on the investment.

## BLM 9-4 Section 9.2 Investment Alternatives

$r$	Compounding Frequency	$i$	$i$ (decimal)
10%	quarterly	2.5%	0.0025
-12%	monthly	-1%	-0.01
2.4%	<b>quarterly</b>	<b>0.6%</b>	0.006
-0.6%	semi-annually	-0.3%	-0.003
<b>4.8%</b>	monthly	0.4%	<b>0.004</b>

- a) \$2403.35      b) \$8526.57  
c) \$1330.63      d) \$34 695.19
  - a) \$403.35      b) \$526.57  
c) \$580.63      d) \$20 695.19
  - a) \$1896.24      b) \$866.59  
c) \$1122.28      d) \$5555.21
  - a) \$103.76      b) \$28.41      c) \$22.17      d) \$719.79
  - \$18 134.93
  - a) \$118 196.13    b) \$199 149.07  
c) \$349 100.78    d) \$3 794 447.75
  - a) \$6783.00      b) \$7047.54  
c) \$8210.38      d) \$8407.43
  - a) \$400    b) \$2400    c) \$80 047.19    d) \$36 847.19
  - Answers may vary. Sample answer: High risk: tech stocks; low risk: government savings bonds
  - a) \$2601.85    b) \$2730.88    c) \$769.12    d) \$369
- ## BLM 9-6 Section 9.3 Manage Credit Cards
- a) 0.000 616      b) 0.000 408      c) 0.000 775  
d) 0.000 485      e) 0.000 529      f) 0.000 729
  - a) \$22.06      b) \$93.27      c) \$42.40      d) \$1.77
  - 19 days
  - Answers may vary. Sample answer: Credit cards with an annual fee often have a lower annual interest rate. A person who always pays the entire balance each month would prefer no annual fee.
  - April 10th
  - a) \$25      b) \$143.74      c) \$40.73      d) \$25
  - a) \$4.96      b) \$60.37      c) \$17.11      d) \$10.47
  - Answers may vary. Sample answer: Interest is charged from the day that a cash advance is taken, so the interest owed would increase. Derek would need to take more cash advances to pay the minimum payment, increasing the balances on both cards. At some point, the balance on both credit cards would reach the credit limit and Derek would need to pay the cards off himself.
  - Answers may vary. Sample answer: Gerald is correct that the card operates like a bank card. The difference is that the card has a fixed amount of money and once it is used up, there is no money left. Most bank cards allow you to overdraw funds if you have a good credit history.

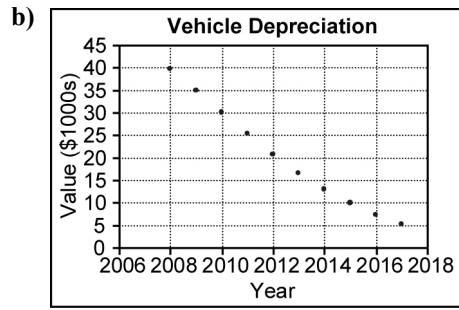
10. a) Bank A: \$57.96; Bank B: \$40; Retail Card: \$64.89  
 b) Bank A: \$22.68; Bank B: \$12.59; Retail Card: \$48.49  
 c) Answers may vary. Sample answer: Renata should pay down the retail card. It has the highest annual interest rate and the greatest balance.

**BLM 9-7 Section 9.4 Obtain a Vehicle**

1. a) \$39 442.86    b) \$14 236.32  
 c) \$8942.16    d) \$46 786.74  
 2. a) \$813.02    b) \$234.81  
 c) \$113.37    d) \$981.48  
 3. a) Cost: \$43 024.96; interest: \$3582.10  
 b) Cost: \$15 270.88; interest \$1034.56  
 c) Cost: \$9441.76; interest: \$499.60  
 d) Cost: \$51 111.04; interest: \$4324.30  
 4. Answers may vary. Sample answer: Cost of insurance, fuel efficiency, possible future repairs, maintenance history, and accident history.  
 5. a) \$18 156    b) \$16 620    c) \$21 540    d) \$30 788  
 6. Answers may vary. Sample answer: Age, mileage, accident history, repair and maintenance history, and where the vehicle was driven (highway or city).  
 7. a) Plan A: \$25 880    b) Plan B: \$26 400  
 c) Answers may vary. Sample answer: Someone who has the down payment would prefer Plan A, since the monthly payments are lower. Someone who does not have the down payment would prefer Plan B, so they can purchase the vehicle now.  
 8. a) \$8640    b) \$18 513.36    c) \$1512  
 9. a) \$5930  
 b) Answers may vary. Sample answer: Fuel costs, insurance, repair and maintenance costs.

**BLM 9-9 Section 9.5 Operate a Vehicle**

1. Examples may vary. Fixed costs are expenses that remain the same from one month to the next. For example, insurance, lease or finance cost, and licence. Variable costs are expenses that vary in amount or frequency. For example, fuel, maintenance, and repairs.  
 2. a) \$304    b) \$346    c) \$167    d) \$104.80  
 3. a) 435 km    b) 20.5 L    c) \$20.99    d) 176 km  
 4. The mini-van can travel 111 km farther on a tank of gas.  
 5. a) \$25 025    b) \$19 269.25    c) 40.71%  
 6. 27.3%  
 7. The US price is lower by 26.3¢/L.  
 8. \$62.22  
 9. Answers may vary. Sample answer: Matthew's car has a fuel efficiency of 6.90 km/L. Compared to his sister's vehicle at 7.25 km/L, Natalie's car is more fuel efficient.  
 10. a) Year 1: \$39 595.50; Year 2: \$34 844.04; Year 3: \$29 965.87; Year 4: \$25 171.33 Year 5: \$20 640.49; Year 6: \$16 512.40; Year 7: \$12 879.67; Year 8: \$9788.55; Year 9: \$7243.53; Year 10: \$5215.34



- b) No. First differences show the relation is not linear.

**BLM 9-11 Chapter 9 Review**

1. a) \$5626.17    b) \$40 042.10  
 c) \$1950.13    d) \$5 002 411.25  
 2. a) \$626.17    b) \$42.10  
 c) \$65.13    d) \$2411.25  
 3. \$13.15  
 4. The investment would earn \$67 152.85 per year, which exceeds Maureen's current annual salary.  
 5. \$3855.94  
 6. \$526 528.94  
 7. a) Option 1    b) Option 2    c) Option 1  
 8. Answers may vary. Sample answer: Pay the balance in full whenever possible, since interest rates on credit cards are very high. Do not take cash advances, as interest is charged from the day the advance is taken.  
 9. a) January 31    b) \$90.60  
 10. \$2083.80  
 11. \$200  
 12. a) c\$20 500  
 b) Answers may vary. Sample answer: The buyout of \$8000 will bring the total amount paid for the vehicle \$28 500, which is \$4000 more than the original price. This is not a great deal. It would probably be less expensive to make monthly payments to buy the vehicle rather than buying it at the end of the lease.  
 13. \$612.01  
 14. a) i) 42.36    ii) \$86.84    iii) \$19.06  
 b) i) 471 km    ii) 566 km    iii) 783 km  
 15. a) 21%    b) \$21 668.91    c) 14.5%

**BLM 9-12 Chapter 9 Practice Test**

1. D  
 2. C  
 3. D  
 4. B  
 5. A  
 6. T  
 7. F  
 8. F  
 9. F  
 10. F

11. a) \$657 380.15    b) \$581 780.15  
12. a) \$23 600        b) \$491.67  
13. a) \$49 904        b) \$1904            c) 3.97%  
14. a) 1667 km        b) 20.25 L          c) Answers may vary  
15. a) \$29.79         b) \$136.86          c) \$4454.93  
      d) \$31.52         e) \$4486.45

**BLM 9-14 Chapter 9 Test**

1. B
2. B
3. C
4. A
5. D
6. C
7. F
8. T
9. T

10. a) \$612.89        b) \$30 918.72        c) \$29 000  
      d) Answers may vary. Sample answer: The total cost with Plan A is less than the total cost of Plan B. Plan A is preferable for someone with enough money to make the down payment.
11. a) \$205 942.63    b) \$157 342.63  
12. a) \$49 383.12    b) \$1371.75  
13. a) 701 km         b) 40.125 L          c) \$41.73  
14. a) \$63 945        b) \$945              c) 1.5%  
15. a) \$55.51         b) \$2.43              c) \$1548.62