

NAME: _____

Show all work for credit, No work = No Credit

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

Solve the problem.

1) What number is 78% of 60?

A) 4680

B) 46,800

C) 468

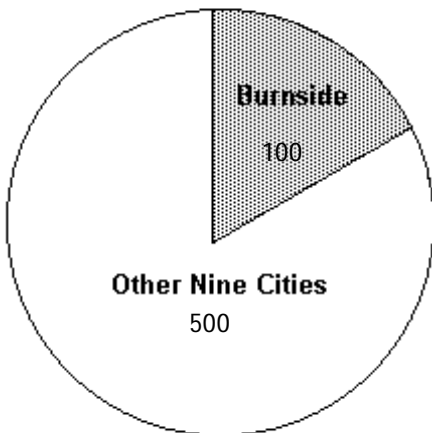
D) 46.8

1) _____

2) The circle graph shows the total number of speeding tickets given out in one month in a 10-city area. What percent of the total tickets were given out in Burnside?
Round to the nearest percent.

2) _____

Speeding Tickets Given Out



A) 20%

B) 17%

C) 600%

D) 0.2%

Use the table to calculate the income tax owed.

2005 MARGINAL TAX RATES, STANDARD DEDUCTIONS, AND EXEMPTIONS				
	Unmarried, divorced, or legally separated	Married and each partner files a separate tax return	Married and both partners file a single tax return	Unmarried and paying more than half the cost of supporting a child or parent
Tax Rate	Single	Married Filing Separately	Married Filing Jointly	Head of Household
10%	up to \$7300	up to \$7300	up to \$14,600	up to \$10,450
15%	\$7301 to \$29,700	\$7301 to \$29,700	\$14,601 to \$59,400	\$10,451 to \$39,800
25%	\$29,701 to \$71,950	\$29,701 to \$59,975	\$59,401 to \$119,950	\$39,801 to \$102,800
28%	\$71,951 to \$150,150	\$59,976 to \$91,400	\$119,951 to \$182,800	\$102,801 to \$166,450
33%	\$150,151 to \$326,450	\$91,401 to \$163,225	\$182,801 to \$326,450	\$166,451 to \$326,450
35%	more than \$326,450	more than \$163,225	more than \$326,450	more than \$326,450
Standard Deduction	\$5000	\$5000	\$10,000	\$7300
Exemptions (per person)	\$3200	\$3200	\$3200	\$3200

3) Married couple filing jointly with two dependent children

Gross Income: \$94,000

Adjustments: None

Deductions:

\$12,000 mortgage interest

\$5000 charitable contributions

\$2500 student loan interest

Tax credit: \$2000

A) \$8755

B) \$6755

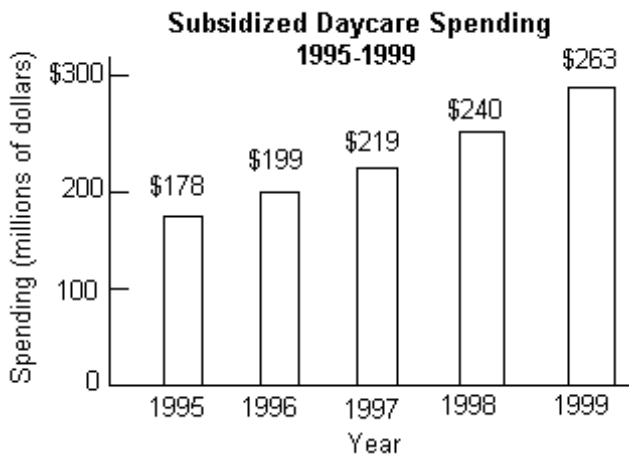
C) \$13,425

D) \$15,425

3) _____

The graph shows the level of subsidized daycare spending in a foreign country for the period 1995-1999. Use the graph to answer the question.

- 4) Find the percent increase in daycare spending from 1998 to 1999. Round to the nearest percent. 4) _____



- A) 0.09% B) 9% C) 10% D) 11%

Solve the problem.

- 5) The price of an item is reduced by 40% of its original price. A week later it is reduced by 20% of the reduced price. The cashier informs you that there has been a total reduction of 60%. Is the cashier using percentages correctly? If not, what is the actual percent reduction from the original price? 5) _____

- A) The cashier is not using percentages correctly. The actual percent reduction from the original price is 48%.
- B) The cashier is not using percentages correctly. The actual percent reduction from the original price is 30%.
- C) The cashier is not using percentages correctly. The actual percent reduction from the original price is 52%.
- D) The cashier is using percentages correctly.

The principal P is borrowed at simple interest rate r for a period of time t . Find the simple interest owed for the use of the money. Assume 360 days in a year and round answer to the nearest cent.

6) $P = \$14,000.00$
 $r = 8\%$
 $t = 120$ days

6) _____

A) \$373.33

B) \$2240.00

C) \$368.22

D) \$1120.00

The principal P is borrowed at simple interest rate r for a period of time t . Find the loan's future value, A , or the total amount due at time t . Round answer to the nearest cent.

7) $P = \$12,000.00$
 $r = 12\%$
 $t = 150$ days

7) _____

A) \$228,005.00

B) \$12,591.78

C) \$12,600.00

D) \$12,613.00

SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.

For the situation described, determine the amount of the loan's discount, the net amount of money you receive, and the loan's actual interest rate, to the nearest tenth of a percent.

8) You borrow \$9000 on a 8% discounted loan for a period of 4 years.

8) _____

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

The principle represents an amount of money deposited in a savings account subject to compound interest at the rate shown. Use the formula

$$A = P\left(1 + \frac{r}{n}\right)^{nt}$$

to find how much money will be in the account after the given number of years and how much interest was earned in that period.

9) principal: \$10,000

rate: 4%

compounding periods per year: 2

time: 3 years

9) _____

A) amount in account: \$11,248.64; interest earned: \$1248.64

B) amount in account: \$12,653.19; interest earned: \$2653.19

C) amount in account: \$10,612.08; interest earned: \$612.08

D) amount in account: \$11,261.62; interest earned: \$1261.62

Solve the problem using the present value formula $P = \frac{A}{\left(1 + \frac{r}{n}\right)^{nt}}$.

10) How much money should be deposited today in an account that earns 5% compounded semiannually so that it will accumulate to \$8000 in 11 years?

10) _____

A) \$4646.92

B) \$13,772.57

C) \$4677.43

D) \$3353.08

Solve using the formula for the effective annual yield, $y = \left(1 + \frac{r}{n}\right)^n - 1$.

11) A passbook savings account has a rate of 13%. Find the effective annual yield if the interest is compounded monthly.

11) _____

A) 13.6%

B) 13.8%

C) 13.7%

D) 13.9%

Use the formula $A = \frac{P[(1+r)^t - 1]}{r}$ or $A = \frac{P\left[\left(1 + \frac{r}{n}\right)^{nt} - 1\right]}{\frac{r}{n}}$ to find the value of the annuity.

12)

Periodic Deposit	Rate	Time
\$1000 at the end of each year	6% compounded annually	13 years

12) _____

A) \$18,882.14

B) \$16,869.94

C) \$35,548.80

D) \$3353.66

SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.

Answer the questions.

52-week		Stock	Sym	Div	Yld %	PE	Vol 100s	Hi	Lo	Close	Net Chg
High	Low										
28.38	15	Icarus	ICR	0.41	1.1	24	1053	24	23.5	24

13) _____

Use the stock table for Icarus to answer the following questions.

- What were the high and low prices for the last 52 weeks?
- If you owned 1000 shares of Icarus stock last year, what is the dollar amount of the dividend you received?
- What is the annual return for dividends alone?
- How many shares of Icarus were traded yesterday?
- What were the high and low prices for Icarus shares yesterday?
- What was the price at which Icarus traded when the stock exchange closed yesterday?
- What does ... in the net change column mean?
- Compute Icarus's annual earnings per share using

$$\text{Annual earnings per share} = \frac{\text{Yesterday's closing price per share}}{\text{PE ratio}}$$

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

Solve the problem. Round answers to the nearest dollar.

- 14) The cost of a boat is \$29,000. Arthur finances this by paying \$6000 down and \$792.22 per month for 36 months. Determine a. the amount financed; b. the total installment price; c. the finance charge. 14) _____
- A) a. amount financed: \$29,000; b. total installment price: \$34,620; c. finance charge: \$5620
 - B) a. amount financed: \$23,000; b. total installment price: \$34,520; c. finance charge: \$11,520
 - C) a. amount financed: \$23,000; b. total installment price: \$33,830; c. finance charge: \$4830
 - D) a. amount financed: \$23,000; b. total installment price: \$34,520; c. finance charge: \$5520

Solve the problem.

- 15) A credit card has a monthly rate of 1.33%. In the November 1 - November 30 itemized billing, the November 1 unpaid balance is \$4000. A payment of \$1500 was received on November 7. There are no purchases or cash advances in this billing period. The payment due date is December 9. Find the interest due on this date using:
- the unpaid balance method
 - the previous balance method
 - the average daily balance method

15) _____

- A) a. unpaid balance method: \$35.75
b. previous balance method: \$35.75
c. average daily balance method: \$36.04

- B) a. unpaid balance method: \$33.25
b. previous balance method: \$53.20
c. average daily balance method: \$37.24

- C) a. unpaid balance method: \$35.75
b. previous balance method: \$53.20
c. average daily balance method: \$37.91

- D) a. unpaid balance method: \$33.25
b. previous balance method: \$53.20
c. average daily balance method: \$36.13

- 16) The price of a home is \$380,000. The bank requires a 10% down payment and one point at the time of closing. The cost of the home is financed with a 25-year fixed-rate mortgage at 6.5%. 16) _____
- a. Find the required down payment.
 - b. Find the amount of the mortgage.
 - c. How much must be paid for the one point at closing?
 - d. Find the total cost of interest over 25 years, to the nearest whole dollar.
- A) a. down payment: \$38,000
b. amount of mortgage: \$342,000
c. points paid at closing: \$3420
d. total cost of interest over 25 years: \$551,646
- B) a. down payment: \$38,000
b. amount of mortgage: \$342,000
c. points paid at closing: \$3800
d. total cost of interest over 25 years: \$427,500
- C) a. down payment: \$38,000
b. amount of mortgage: \$342,000
c. points paid at closing: \$3420
d. total cost of interest over 25 years: \$350,550
- D) a. down payment: \$38,000
b. amount of mortgage: \$342,000
c. points paid at closing: \$3420
d. total cost of interest over 25 years: \$312,550

17) Prepare a loan amortization schedule for the first three months of the following mortgage loan.

17) _____

AMORTIZATION SCHEDULE

Annual % rate: 7%

Amount of Mortgage: \$280,000

Monthly payment: \$1862.00

Term: Years 30, Months 0

Number of Monthly Payments: 360

Payment Number	Interest Payment	Principal Payment	Balance of Loan
1			
2			
3			

A)

Payment Number	Interest Payment	Principal Payment	Balance of Loan
1	1633.33	228.67	279,771.33
2	1632.00	230.00	279,770.00
3	1630.66	231.34	279,309.99

B)

Payment Number	Interest Payment	Principal Payment	Balance of Loan
1	1633.33	228.67	279,827.33
2	1632.33	229.67	279,418.33
3	1630.66	231.34	279,309.99

C)

Payment Number	Interest Payment	Principal Payment	Balance of Loan
1	1633.33	228.67	279,771.33
2	1632.00	230.00	279,541.33
3	1747.13	114.87	279,426.46

D)

Payment Number	Interest Payment	Principal Payment	Balance of Loan
1	1633.33	228.67	279,771.33
2	1632.00	230.00	279,541.33
3	1630.66	231.34	279,309.99