1. Match the definitions

* mortgage loan insurance - variable interest rate - mortgage term
* amortization period - mortgage

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| It is a type of loan used to buy a home or other property |  |
| If your down payment is less than 20%, you have to buy |  |
| It is the length of time that the mortgage agreement at your agreed interest rate is in effect |  |
| It is the length of time it will take to fully pay off the amount of the mortgage loan |  |
| The interest rate can change during the mortgage term |  |

1. Convert the following non-monthly expenses to ***MONTHLY*** expenses:

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| --- | --- |
| Annual Internet/Cable bill of $1320 | Semi-annual Property Taxes $1200 |
| Semi-monthly house insurance of $50 | Weekly laundry expense of $16 |
| Quarterly Water/Sewer bill of $105 (equal billing) | Bi-weekly mortgage payment of $800 |

1. Joshua has just gotten a job as a mechanic. He estimates his annual income before deductions will be $52000. His deductions are 35% of his salary. He is currently living at home, but wants to know if he can afford to move out on his own. He has found a furnished bachelor’s apartment that would cost $1400 every month, water and heating included.

* He estimates he will spend $300 on food, $40 on phone and $55 on internet every month.
* He will have to do laundry every week at a nearby laundromat that costs $10 weekly.
* His transportation costs are currently $4200 for the year, and will stay the same in his new place.
* He wants to save $7200 by the end of one year.

**Prepare** a personal monthly budget for Joshua, and **determine** whether he can afford to move out.

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| **INCOME** | |
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| **Total Monthly Income** |  |
| **EXPENSES** | |
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|  |  |
| **Total Monthly Expenses** |  |
| **INCOME – EXPENSES** |  |

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| --- | --- |
| ***FUTURE VALUE***  *Use to find the value* ***at the end of an annuity*** *(after all deposits are made & interest is accrued)* | ***PRESENT VALUE***  *Use to find the money needed* ***at the beginning of an annuity*** *to provide regular annuity payments* |

1. Clayton deposits $500 every 3 months into his daughter’s RESP (Registered Education Savings Plan). If the account earns 2.7% / a, compounded quarterly, how much will be in the account after 10 years?
2. Wolf is setting up an income fund for his retirement. He wishes to receive $2200 every month for the next 20 years, starting 1 month from now. The income fund pays 3.1% per year compounded monthly. How much must Wolf deposit now to be able to receive the desired amount every month?
3. Mickey wants to save up for a $30,000 in 2 years. How much must she deposit every month into an account that makes 3.72% per year interest compounded monthly, to reach her goal?
4. Mathew borrows now $30,000 to buy a vehicle. He will repay the loan in equal monthly payments over 5 years, starting 1 month from now. He is charged interest at 5% per year compounded monthly. How much is Mathew’s monthly payment?