

Lesson 4 Skills Practice

Financial Responsibility

Decide if each decision made is financially responsible or financially irresponsible. Then identify the benefit or cost of each decision.

- Ms. Roberts has saved \$4,900 towards the purchase of a boat that costs \$16,300. She plans to use the \$4,900 saved for a down payment and borrow the remaining amount. The interest rate on her is 4.5% and the term of the loan is 4 years.

ONLINE LOAN CALCULATOR			
Loan Amount:	\$	11,400.00	
Loan Term:	4	years or	48 months
Interest Rate:	4.5	% per year	
Monthly Payment:	\$	259.96	
CALCULATE			

- Harrison is saving to buy a recliner that costs \$959 He has saved \$675. Last week, the recliner was on sale for one-third off, so Harrison bought the recliner.
- Nevaeh is buying a toaster oven that costs \$39.99 online. The online store offers three day free shipping. Nevaeh decides she wants the toaster oven right away and pays \$24.95 for next day shipping.
- Micah is saving to buy a camera that costs \$559. He has saved \$515. Last week, the camera was on sale for \$50 off, but Micah decided not to buy it because he wanted to spend \$50 on dinner at a five-star restaurant
- Paige is buying a dozen golf balls that cost \$29.95. In the golf shop, she sees a 15-pack of the same brand of golf balls on sale for \$29.99. Paige buys the 15 pack.
- Ronald is buying a motorcycle from a local dealer and he needs a loan for \$16,900. The bank offers him three options for the loan. Option 1: 5 years, 3.5% rate, \$307.44 monthly payment. Option 2: 4 years, 3.5% rate, \$377.82 monthly payment. Option 3: 3 years, 3.25% rate, \$493.34 monthly payment. Ronald picks the option with the lowest monthly payment. Is he being financially responsible or financially irresponsible? Identify the benefit or cost of the decision.

Lesson 4 Extra Practice *Financial Responsibility*

Decide if each decision made is financially responsible or financially irresponsible. Then identify the benefit or cost of each decision.

1. Carson is buying a camcorder for \$279.99. He has saved \$240 to buy the camcorder. Last week, the camcorder went on sale for \$229.99 and Carson bought the camcorder.
2. Lauren is saving to buy smart TV that costs \$2,499. She has saved \$2,100. Last week, the TV was on sale for $\frac{1}{4}$ off, but Lauren decided not to buy it because she wanted to spend \$500 to see a concert downtown and stay in a hotel after the concert.
3. David is saving to buy an ATV that costs \$4,999. He has saved \$1,500. David's oven needs to be replaced. David uses the \$1,500 he has saved to buy a new oven that costs \$1,249.99.
4. Stella is buying a GPS that cost \$228. She has saved \$200. Last week, the GPS was on sale for 30% off, but Stella decided not to buy it because she wanted to spend \$50 to buy DVDs.
5. Mr. Rivera has saved \$3,700 towards the purchase of a \$10,200 diamond necklace for his wife's birthday. He will use the \$3,700 he saved as a down payment and take out a loan on the remaining amount. The interest rate is 3.5% and the term of the loan is 3 years.

ONLINE LOAN CALCULATOR			
Loan Amount:	\$	6,500.00	
Loan Term:	3	years or	36 months
Interest Rate:	3.5	% per year	
Monthly Payment: \$	190.46		
CALCULATE			

Lesson 4 Homework Practice

Financial Responsibility

Decide if each decision made is financially responsible or financially irresponsible. Then identify the benefit or cost of each decision.

- Mr. McDonald has saved \$3,500 towards the purchase of a new \$10,809 tractor. He plans to use the \$3,500 saved as a down payment and take out a loan on the remaining amount. The interest rate is 2.75% and the term of the loan is 3 years.

ONLINE LOAN CALCULATOR			
Loan Amount: \$	7,309.00		
Loan Term:	3	years or	36 months
Interest Rate:	2.75	% per year	
Monthly Payment: \$	211.75		
CALCULATE			

- Mila is buying diapers for her son. Diaper cost \$19.47 for a 100-count box and \$44.11 for a 276-count box. She has a coupon for 10% off each 100-count box she buys. She buys two 100-count boxes and uses the coupon.
- Ty is saving to buy an outdoor patio set that costs \$600.00 He has saved \$450. Last week, the patio set was on sale for 30% off, but Ty decided not to buy it because he wanted to spend \$55 on a video game.
- Piper has \$40 to purchase nine dozen personalized pens for her company. The stationary store sells the pens for \$4.80 per dozen or ten dozen pens for \$39.75. Piper buys ten dozen pens.
- Noah wants to buy a gas grill that cost \$219 in the store. He finds the grill online for \$189. The shipping cost is \$55. Noah buys the grill online.

Lesson 4 Problem-Solving Practice

Financial Responsibility

<p>1. Sally is buying a hearing aid that costs \$5,000. Her insurance pays \$2,900 of the cost. Sally will get a loan to pay the remaining amount. The loan is interest free, if Sally pays a minimum of \$75 per month and pays off the loan in one year. To be financially responsible, Sally wants to pay off the loan in one year. What is the minimum monthly payment Sally can make each month to pay off the loan in equal payments?</p>	<p>2. Cole needs one more baseball cap to complete his collection. Baseball caps cost \$30. The sports clothing store has a sale on baseball caps, buy one, get one one-half off. Cole buys two baseball caps. Is Cole being financially responsible or financially irresponsible? What is the monetary value of his benefit or cost?</p>						
<p>3. Kendall is going to a store that sells a bottle of iced tea for \$1.99 and a pack of six bottles for \$9.65. Kendall buys five bottles of iced tea. Is Kendall being financially responsible or financially irresponsible? Explain.</p>	<p>4. Parker has saved \$1,200 for him and his wife to go to an all-inclusive island resort. He decides to take out a \$1,000 simple annual interest loan at 4.5% for 1 year and stay in a suite. Is Parker being financially responsible or financially irresponsible? What is the monetary value of his benefit or cost?</p> <table border="1" data-bbox="865 1115 1239 1226"> <thead> <tr> <th>Room</th> <th>Cost (\$)</th> </tr> </thead> <tbody> <tr> <td>ocean view</td> <td>1,199</td> </tr> <tr> <td>deluxe suite</td> <td>2,199</td> </tr> </tbody> </table>	Room	Cost (\$)	ocean view	1,199	deluxe suite	2,199
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<p>5. Evan has saved \$600.00 to buy a treadmill that costs \$800.00. Last week, the treadmill was on sale for $\frac{1}{3}$ off, but Evan spent \$75 at an ice hockey game. The treadmill is no longer on sale. What was the sale price of the treadmill? Is Evan being financially responsible or financially irresponsible?</p>	<p>6. It's going to cost Laura \$15,000 to remodel her kitchen. Laura has enough money to make a down payment of \$5,000 and then get a loan for the remaining amount at an interest rate of 4.75% and a loan term of four years. Laura decides to get a loan for \$15,000 on the same terms. Is Laura being financially responsible or financially irresponsible? What is the monetary value of her benefit or cost in interest paid?</p>						