# Consumer MATH

**Life Skills Mathematics**

# Consumer MATH

**AGS**

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**AGS®**

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## Life Skills Mathematics

# Contents

# Addition and Subtraction of Decimals

*Rules to Remember:*

To add and subtract decimals:

➤ Line up the decimal points under each other.

➤ Add zeros where necessary. The addition of zeros after a decimal point does not change the value of the decimal.

➤ Add or subtract as you would with whole numbers.

*Examples:*

      **Add:**           12.75 + 4.085 + 16

```
  12.750  ◄— Add zero
   4.085
+ 16.000  ◄— Add zeros
  32.835
      ▲  Decimal point under other decimal points
```

      **Subtract:**     275.5 − 98.653

```
  275.500  ◄— Add zeros
 − 98.653
  176.847
      ▲  Decimal point under other decimal points
```

**A** Add. Check your answers.

| 1. | 6.25 | 2. | 18.3 | 3. | 32.8 | 4. | 102.3 | 5. | 76.27 | 6. | 92.19 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 14.86 | | 24.7 | | 9.7 | | 98.9 | | 9.85 | | 100.73 |
| | + 9.37 | | + 9.8 | | + 18.5 | | + 24.6 | | + 10.28 | | + 86.84 |

**B** Subtract to find the difference.

| 7. | 17.5 | 8. | 28.6 | 9. | 2.75 | 10. | 1.78 | 11. | 27.62 | 12. | 14.62 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | − 8.6 | | − 12.9 | | − .89 | | − .95 | | − 8.61 | | − 9.38 |

# Straight-Time Pay

Some people are paid a salary based on how many hours they work. The *hourly* rate is the amount of money they earn per hour. The *straight-time* pay is the amount of money earned for a pay period at an hourly rate.

*Example:*   Tom works as a kitchen helper at the Crab Shack. He earns $5.25 per hour. Last week he worked 36 hours. What is his straight-time pay for last week?

| Straight-time pay | = | Hours worked | x | Hourly rate |
|---|---|---|---|---|

$$= \quad 36 \quad x \quad \$5.25$$
$$= \quad \$189.00$$

The straight-time pay is $189.00.

**A** Find the straight-time pay.

| | Employee | Hours Worked | Hourly Rate | Straight-Time Pay |
|---|---|---|---|---|
| 1. | Karen | 36 | $5.35 | |
| 2. | Gerard | 40 | 7.00 | |
| 3. | Katie | 32 | 5.25 | |
| 4. | John | 40 | 7.25 | |
| 5. | Keith | 28 | 5.15 | |
| 6. | Malcolm | 36 | 5.75 | |
| 7. | Lisa | 26 | 7.10 | |
| 8. | Paul | 37 | 5.80 | |
| 9. | Dominic | 31 | 6.75 | |
| 10. | Angelo | 38 | 5.90 | |
| 11. | Joyce | 40 | 6.20 | |

**B** Find the straight-time pay.

12. Cashier
Earns $4.75 per hour.
Worked 30 hours last week.

Straight-time pay = _____

13. Waitress
Earns $5.10 per hour.
Worked 32 hours last week.

Straight-time pay = _____

14. Library aide
Earns $4.80 per hour.
Worked $24\frac{1}{2}$ hours last week.

Straight-time pay = _____

15. Fast-food attendant
Earns $5.05 per hour.
Worked $16\frac{1}{2}$ hours last week.

Straight-time pay = _____

16. Steve plays for a local band. He earns $8.50 per hour.

Last week he worked $4\frac{1}{2}$ hours on Friday and 5 hours on Saturday.

How much did he earn? _____

17. Christa has a part-time job at Tasty Burgers.

She is paid at an hourly rate of $4.25 an hour.

How much did she earn last week if she worked 40 hours? _____

18. Horace earns $11.25 as a construction worker. Last week he worked these hours:

| Monday | Tuesday | Wednesday | Thursday | Friday |
|--------|---------|-----------|----------|--------|
| 8 | 8 | 6 | 8 | 6 |

What was Horace's straight-time pay for the week? _____

> **Part-Time Help.**
> **Smith's Deli**
> Earnings—$4.60/hr.

19. What is Tyrone's straight-time pay if he works 20 hours per week at Smith's Deli?

_____

20. How much can Katherine earn each week if she works $18\frac{1}{2}$ hours at Smith's Deli?

_____

# Overtime Pay

Some employees are paid at a regular rate for the first 40 hours they work each week. If they work more than 8 hours in one day or more than 40 hours in one week, they are paid at an *overtime rate*. The overtime rate is normally 1.5 times the regular hourly rate.

The *gross pay* is the sum of the straight-time pay and the overtime pay.

*Example:* Christa works as a fast-food attendant for Tasty Burgers. Last week she worked 46 hours. If her regular rate is $4.80 an hour, what is her gross pay for the week?

| Straight-time pay | = | Hours worked | x | Hourly rate |
|---|---|---|---|---|

$$= \quad 40 \qquad \qquad x \qquad \$4.80$$
$$= \quad \$192.00$$

| Overtime pay | = | Hours worked | x | Hourly rate | x | Overtime rate |
|---|---|---|---|---|---|---|

$$= \quad 6 \qquad \qquad x \qquad \$4.80 \qquad x \qquad 1.5$$
$$= \quad \$43.20$$

| Gross pay | = | Straight-time pay | + | Overtime pay |
|---|---|---|---|---|

$$= \quad \$192.00 \qquad \qquad + \qquad \$43.20$$
$$= \quad \$235.20$$

Christa's gross pay is $235.20.

| | | | |
|---|---|---|---|
| ger | .79 | Cheeseburger | .79 |
| r | .69 | Hamburger | .69 |
| eseburger | 1.29 | Double Cheeseburger | 1.29 |
| | .75 | Large Fries | .75 |
| | .65 | Small Fries | .65 |

**A** Find the gross pay. The overtime rate is 1.5 times the regular hourly rate.

| | Regular Hours | Straight-Time Rate | Straight-Time Pay | Overtime Hours | Overtime Pay | Gross Pay |
|---|---|---|---|---|---|---|
| 1. | 40 | $4.60 | | 4 | | |
| 2. | 40 | 5.00 | | 8 | | |
| 3. | 40 | 4.84 | | 10 | | |
| 4. | 36 | 6.00 | | 6 | | |
| 5. | 40 | 5.10 | | 12 | | |
| 6. | 36 | 4.90 | | 2 | | |
| 7. | 40 | 6.70 | | 4 | | |
| 8. | 40 | 8.12 | | 10 | | |
| 9. | 38 | 7.25 | | 6 | | |

**B** Find the gross pay. All hours over 40 are paid at the time-and-a-half rate. The regular rate is $7.20.

10. 42 hours _____

11. 60 hours _____

12. $48\frac{1}{2}$ hours _____

13. 38 hours _____

14. $24\frac{1}{2}$ hours _____

15. 46 hours _____

16. 45 hours _____

17. 44 hours _____

18. 41 hours _____

19. Dental assistant
Regular hourly rate: $9.20
Worked 48 hours.

Gross pay = _____

20. Electronic technician
Regular hourly rate: $10.50
Worked 42 hours.

Gross pay = _____

Sam is a cable TV installer. His regular hourly rate is $9.15. He is paid time and a half for overtime. What is his gross pay for a week in which he worked 36 regular hours and 6 overtime hours?

_____

# Commission

Some salespeople are paid an additional amount of money for the sales that they complete. This payment is called a *commission*. The commission is a percent of total sales.

*Example:*   Indira works at a computer store. She earns $5.50 per hour plus a 7% commission on all computer equipment she sells. On Tuesday, she worked 8 hours and sold a $3,000 computer. What were Indira's gross earnings on Tuesday?

| Straight-time pay | = | Hours worked | x | Hourly rate |

= 8                x       $5.50
= $44.00

| Commission | = | Total sales | x | Percent of commission |

= $3,000       x       .07
= $210.00

| Gross pay | = | Straight-time pay | + | Commission |

= $ 44.00      +       $210.00
= $254.00

Indira's gross earnings were $254.

**A** Find the commission and gross pay.

|     | Hourly Rate | Hours Worked | Total Sales | Rate of Commission | Commission | Gross Pay |
|-----|-------------|--------------|-------------|--------------------|------------|-----------|
| 1.  | $4.35       | 6            | $86         | 6%                 |            |           |
| 2.  | $5.25       | 40           | $3,800      | 3%                 |            |           |
| 3.  | $7.50       | 15           | $400        | 20%                |            |           |
| 4.  | $6.75       | 20           | $9,550      | 30%                |            |           |
| 5.  | $7.00       | 36           | $7,200      | 15%                |            |           |
| 6.  | $5.50       | 36           | $12,300     | 4%                 |            |           |
| 7.  | $6.70       | 40           | $8,800      | 5%                 |            |           |
| 8.  | $8.12       | 40           | $4,200      | 6%                 |            |           |
| 9.  | $7.25       | 38           | $1,900      | 12%                |            |           |
| 10. | $5.45       | 34           | $4,400      | 5%                 |            |           |

**B** Find the gross pay.

11. $4.35 per hour; 4 hours; $86 in sales; 6% commission _____

12. $5.25 per hour; 40 hours; $380 in sales; 3% commission _____

13. $4.50 per hour; 20 hours; $300 in sales; 5% commission _____

**C** Find the commission.

14. $49,660 in sales; $6\frac{1}{2}$% commission _____

15. $210,000 in sales; 4% commission _____

16. $65,400 in sales; 5% commission _____

17. Mr. Vilan, a realtor, sold a house for $156,000.

He earned a 7% commission on the first $100,000 and 3% on the amount over $100,000.

How much did Mr. Vilan earn? _____

18. Paula works at Trendy Fashions. Last weekend she sold $1,420 in merchandise.

In addition to her hourly wage, she earns a 4% commission on all sales.

How much commission did Paula earn? _____

19. JoAnn Williams is an insurance agent.

She earns a 6% commission on each policy she writes.

How much commission will she earn if she writes a policy for $160,000? _____

20. Ted worked 25 hours last week and earned $630.

30% of his salary was commission.

How much did Ted earn in commission? _____

Jon and Lia work at the Auto Emporium. Jon is paid a straight-time salary of $11.40 per hour. Lia earns $4.60 per hour and a 2% commission on all sales she makes. Last week, both Jon and Lia worked 40 hours and each sold a car for $18,900. Who earned more money? How much more?

_____

The amount of money earned by a worker is called his or her *gross pay.* *Deductions* are the amount subtracted from a worker's pay. They include items such as taxes, insurance, and union dues. The *net pay,* or *take-home pay,* is the amount received after the deductions are subtracted.

*Example:*  Sharon earns $4.60 an hour. She worked 36 hours last week. Her deductions were $34.00. What is her net pay?

| Gross pay | = | Hours worked | x | Hourly rate |
|---|---|---|---|---|

$$= \quad 36 \quad\quad x \quad\quad \$4.60$$
$$= \quad \$165.60$$

| Net pay | = | Gross pay | − | Deductions |
|---|---|---|---|---|

$$= \quad \$165.60 \quad − \quad \$34.00$$
$$= \quad \$131.60$$

Sharon's net pay is $131.60.

**A** Find the net pay.

1. Gross pay: $176.50
   Deductions:
       Fed. withholding tax: $22.75
       F.I.C.A.: $12.32

   _____

2. Gross pay: $325.40
   Deductions:
       Fed. withholding tax: $60.25
       F.I.C.A.: $21.95

   _____

3. Gross pay: $550.00
   Deductions:
       Fed. withholding tax: $45.50
       F.I.C.A.: $45.60
       State Tax: $16.00

   _____

4. Gross pay: $326.50
   Deductions:
       Fed. withholding tax: $59.67
       F.I.C.A.: $26.25
       Insurance: $8.10

   _____

**B** Complete the table for each worker.

| Name | Hours Worked | Rate per Hour | Gross Pay | Deductions | Net Pay |
|---|---|---|---|---|---|
| 5. Alex | 40 | $7.75 | | $82.40 | |
| 6. Megan | 36 | 5.00 | | 38.16 | |
| 7. Chris | 28 | 6.35 | | 30.12 | |
| 8. Charvon | 32 | 5.12 | | 42.75 | |
| 9. Andrew | 40 | 4.45 | | 50.63 | |
| 10. Richard | 35 | 5.80 | | 57.72 | |
| 11. Jennifer | $24\frac{1}{2}$ | 8.60 | | 78.40 | |
| 12. Heather | 30 | 6.75 | | 46.45 | |
| 13. Tonya | 37 | 4.80 | | 53.80 | |
| 14. Carlos | 40 | 6.55 | | 61.92 | |
| 15. Roberta | 38 | 5.90 | | 54.71 | |
| 16. LeRoy | 39 | 7.10 | | 62.43 | |

17. A steelworker earns $22.50 per hour and works 36 hours per week. His deductions are $168.95. What is his net pay? _____

18. A carpenter works a 48-hour week. She is paid time and a half for all hours over 40. Her hourly rate is $16.00 per hour. Her deductions are $180.00. Find her net pay. _____

**C** Find the net pay.

19.

| Department | Employee | Check# | Gross Pay | Net Pay |
|---|---|---|---|---|
| 27 | Scott Jones | 2745 | $122.50 | |
| DEDUCTIONS | | | | |
| FED. W.T. | F.I.C.A. | State | Insurance | Union Dues | Others |
| $12.15 | $8.72 | $4.26 | $3.75 | —— | —— |

20.

| Department | Employee | Check# | Gross Pay | Net Pay |
|---|---|---|---|---|
| 18 | Jan Baire | 4321 | $540.00 | |
| DEDUCTIONS | | | | |
| FED. W.T. | F.I.C.A. | State | Insurance | Union Dues | Others |
| $70.25 | $37.05 | —— | $19.25 | $10.50 | $18.00 |

# Addition and Subtraction of Decimals

**Skill Building**

**A** Add. Check your answers.

| 1. | 2. | 3. | 4. | 5. | 6. |
|---|---|---|---|---|---|
| 7.62 | 18.3 | 276.4 | 62.53 | 1.762 | 12.75 |
| 4.95 | 45.7 | 19.8 | 8.76 | 9.468 | 318.40 |
| 6.08 | 16.4 | 42.7 | 14.12 | 3.075 | 92.75 |
| + 4.73 | + 13.9 | + 117.4 | + 95.08 | + 8.108 | + 117.16 |

7. 27.3 + 4.98 + 7.23 = _____

8. 193.6 + 72.84 + 9.6 = _____

9. 4.723 + 6.2 + 13.25 = _____

10. 12 + 7.5 + 8.62 = _____

**B** Subtract. Check your answers.

| 11. | 12. | 13. |
|---|---|---|
| 273.4 | 18.25 | 126.3 |
| − 19.6 | − 14.19 | − 78.6 |

| 14. | 15. | 16. |
|---|---|---|
| 27.65 | 103.65 | 1,078.1 |
| − 18.27 | − 94.23 | − 938.2 |

17. 17.6 − 4.8 = _____

18. 28.2 − 17.9 = _____

19. 100.6 − 78.3 = _____

20. 15.95 − 9.26 = _____

21. 14.68 − 10.72 = _____

22. 375.6 − 273.4 = _____

23. 12 − 9.35 = _____

24. 36 − 31.26 = _____

25. 400 − 372.82 = _____

26. 226 − 28.4 = _____

John purchased 4 tires for his car at $275.62, new shock absorbers for $69.65, and 8 spark plugs for $9.95. What was his total bill?

_____

# Rounding Decimals

*Rules to Remember:*

To round decimals, look to the right of the place to which you are rounding.

➤ If the digit is 5 or more, round up.

➤ If the digit is 4 or less, round down.

*Examples:*

Round 2.764 to the nearest whole number.

2.<u>7</u>64

**Digit to the right is 5 or more. Round up.**

2.764 rounded to the nearest whole number is 3.

Round 3.273 to the nearest hundredth.

3.27<u>3</u>

**Digit to the right is 4 or less. Round down.**

3.273 rounded to the nearest hundredth is 3.27.

**A** Round to the nearest whole number.

1. 7.2 _____

2. 18.6 _____

3. 29.34 _____

4. 8.07 _____

**B** Round to the nearest tenth.

5. .78 _____

6. 4.52 _____

7. .063 _____

8. 12.637 _____

**C** Round to the nearest hundredth.

9. .723 _____

10. 4.686 _____

11. .0764 _____

12. 24.004 _____

13. .0988 _____

14. 15.676 _____

15. The unit cost of pencils purchased by the city's public schools is $.0435 each. Round to the nearest cent.

_____

# Deposit and Withdrawal Slips

People save money for many reasons. One of the ways to save is to open a savings account at a bank, credit union, or savings and loan association.

To open a savings account, a *deposit* is made. *Deposit slips* are used for making deposits.

*Example:* Jeff Baire has a savings account at the Calvert Springs Savings and Loan Association. Each month he makes a $100 deposit.

**Account Number**  **Cash Deposit**  **Check Deposit**

DEPOSIT

ACCOUNT NO. _27-402-873_

DATE _April 12_ 19 _96_

Name _Jeff Baire_

SIGNATURE REQUIRED FOR CASH BACK

**Calvert Springs** SAVINGS AND LOAN ASSOCIATION

FUNDS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL. CHECKS AND OTHER ITEMS ARE RECEIVED FOR DEPOSIT SUBJECT TO THE PROVISIONS OF THE UNIFORM COMMERICAL CODE.

|| CURRENCY | 43.00 |
|CASH | COIN | |
|LIST CHECKS SINGLY | | 57.00 |
| | | |
|TOTAL FROM OTHER SIDE | | |
| TOTAL | | 100.00 |
|LESS CASH RECEIVED | | 0 |
|NET DEPOSIT | | 100.00 |

**Total Deposit**

**A** Find the total deposit.

1. Steven Cox
   Deposits:
   Check: $12.75
   Cash: $42.95

   Total deposit? _____

2. Marilou Evans
   Deposits:
   Check: $72.50
   Cash: $125.00

   Total deposit? _____

3. Bob Klohr
   Deposits:
   Check: $96.15
   Cash: $152.90

   Total deposit? _____

4. Maggie Church
   Deposits:
   Check: $89.76
   Cash: $34.32

   Total deposit? _____

5. Rich Petersen
   Deposits:
   Checks: $138.90, $112.11
   Cash: $175.00

   Total deposit? _____

6. Keesha Burk
   Deposits:
   Checks: $123.45, $7.43
   Cash: $82.50

   Total deposit? _____

**B** Complete the deposit slip.

7. Bill Gerardi; deposits of $125.00 cash and checks of $48.90 and $116.28 on May 20, 1997, in his account 51-3829-70

| | | CURRENCY | | |
|---|---|---|---|---|
| | CASH | COIN | | |
| DEPOSIT | LIST CHECKS SINGLY | | | |
| ACCOUNT NO. _____ | | | | |
| | | | | |
| DATE _____ 19 _____ | TOTAL FROM OTHER SIDE | | | |
| | TOTAL | | | |
| Name _____ | LESS CASH RECEIVED | | | |
| | NET DEPOSIT | | | |

DEPOSIT

ACCOUNT NO. _____

DATE _____ 19 _____

Name _____

SIGNATURE REQUIRED FOR CASH BACK

**Calvert Springs** SAVINGS AND LOAN ASSOCIATION

FUNDS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL. CHECKS AND OTHER ITEMS ARE RECEIVED FOR DEPOSIT SUBJECT TO THE PROVISIONS OF THE UNIFORM COMMERICAL CODE.

‖ ■ 0 0333 2 ‖ ■   ‖ ■ 0 5 2 0 0 0 6 1 8 ‖ ■

When you wish to take money out of your account, a *withdrawal slip* is used.

**Account Number**

SAVINGS WITHDRAWAL                    DATE _____ March 30 _____ 19 _96_

NAME _Jeff Baire_____          ACCOUNT NO. _____27-402-873_____

_Fifty and no/100_____ DOLLARS  $ | 50 | 00 |

DEDUCT ABOVE SUM FROM MY SAVINGS ACCOUNT ON DEPOSIT

SIGN HERE _Jeff Baire_ ◄─────────────

**Calvert Springs** SAVINGS AND LOAN ASSOCIATION        **Signature**

**Amount to be Withdrawn**

‖ ■ 0 0333 2 ‖ ■   ‖ ■ 0 5 2 0 0 0 6 1 8 ‖ ■

**C** Complete the withdrawal slips.

8. Steven Haar; withdrawal of $125.00 on June 15, 1998; account number 175-08-612

SAVINGS WITHDRAWAL                          DATE _____ 19 _____

NAME _____    ACCOUNT NO. _____

_____ DOLLARS  $ [        |        ]
DEDUCT ABOVE SUM FROM MY SAVINGS ACCOUNT ON DEPOSIT

SIGN HERE _____

**Calvert Springs** SAVINGS AND LOAN ASSOCIATION

‖ ■ 0 0333 2 ‖ ■  ‖ ■ 0 5 2 0 0 0 6 1 8 ‖ ■

9. Ann Kasper; withdrawal of $245.00 on May 29, 1999; account number 314-30-697

SAVINGS WITHDRAWAL                          DATE _____ 19 _____

NAME _____    ACCOUNT NO. _____

_____ DOLLARS  $ [        |        ]
DEDUCT ABOVE SUM FROM MY SAVINGS ACCOUNT ON DEPOSIT

SIGN HERE _____

**Calvert Springs** SAVINGS AND LOAN ASSOCIATION

‖ ■ 0 0333 2 ‖ ■  ‖ ■ 0 5 2 0 0 0 6 1 8 ‖ ■

# Simple Interest

When money is deposited in a savings account, it earns *interest*. Interest is paid to you for the use of your money. The bank lends money to someone else and charges them for its use. The *principal* is the amount of money earning interest. The *annual interest rate* is the percent of the principal that is earned in one year. The *time* the principal is used is always expressed in terms of a year. *Simple interest* is interest paid only on the original principal.

*Example:* Christa Jones has $450.00 deposited in a savings account with an annual interest rate of 6%. After 6 months she wanted to find out how much interest she had earned.

Interest = Principal x Rate x Time

$$= \$450 \times .06 \times \frac{1}{2} \quad \longleftarrow \quad 6 \text{ months} = \frac{1}{2} \text{ year}$$

$$= \$450 \times .03$$

$\frac{1}{2} \times .06 = .03$

$$= \$13.50$$

The interest earned in 6 months was $13.50.

**A** Find the interest on these accounts for one year.

| Principal | Rate | Interest |
|---|---|---|
| 1. $200 | 5% | _____ |
| 2. $1,200 | 6% | _____ |
| 3. $650 | 4% | _____ |
| 4. $2,000 | $5\frac{1}{2}$% | _____ |
| 5. $4,000 | 8% | _____ |
| 6. $3,000 | 7% | _____ |
| 7. $750 | 5% | _____ |
| 8. $3,400 | 4% | _____ |

| Principal | Rate | Interest |
|---|---|---|
| 9. $800 | $6\frac{1}{2}$% | _____ |
| 10. $2,400 | 7% | _____ |
| 11. $900 | $6\frac{1}{4}$% | _____ |
| 12. $2,500 | 6.4% | _____ |
| 13. $6,000 | 7.5% | _____ |
| 14. $2,600 | 5.5% | _____ |
| 15. $1,900 | 6.2% | _____ |
| 16. $830 | 4.5% | _____ |

**B** Find the interest.

17. John Stone

   $600 on deposit

   7% annual interest rate

   Time: 6 months

   _____

18. Elena Dominguez

   $1,500 on deposit

   6% annual interest rate

   Time: 3 months

   _____

19. Lynn Fong

   $2,400 on deposit

   5% annual interest rate

   Time: 9 months

   _____

20. James Robinson

   $3,000 on deposit

   6% annual interest rate

   Time: $1\frac{1}{2}$ years

   _____

| Person | Principal | Annual Rate | Time | Interest |
|---|---|---|---|---|
| 21. Gary Sanford | $650 | $5\frac{1}{2}$% | 1 yr. | |
| 22. Sharon Stanic | 7,000 | 7% | 2 yr. | |
| 23. Tyrone Willis | 495 | 6% | 6 months | |
| 24. Juan Vilan | 1,550 | 8% | 9 months | |
| 25. Fred Kessler | 400 | 6.9% | 1 yr. | |
| 26. Tina Nguyen | 4,500 | 6% | 15 months | |
| 27. Karen Ramos | 2,750 | $5\frac{1}{2}$% | 6 months | |
| 28. Keith Kolbe | 900 | $4\frac{1}{2}$% | 1 yr. | |
| 29. Sharron Reid | 3,680 | 7.5% | 2 yr. | |
| 30. Chris Lightfoot | 765 | 8% | 9 months | |
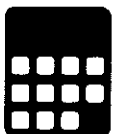
Terri had $1,200 deposited in a savings account paying an annual interest rate of 6%. Find the simple interest for two years.

_____

# Compound Interest

Interest earned on a savings account is added to the account. The new balance is used as the principal for the next interest period. *Compound interest* is interest earned on the original principal as well as all the interest earned during previous interest periods.

*Example:*    Dick Heilman has $1,000 deposited in a savings account with an annual interest rate of 8%. The interest on the account compounds quarterly. What is the amount in his account after 6 months?

Interest  = Principal  x  Rate  x  Time

          = $1,000  x  .08  x  $\frac{1}{4}$  ◀————— **First quarter = 3 months**

                                    = $1,000  x  .02

          = $20.00

For the first quarter, the new principal is $1,000 + $20.00 interest, or $1,020.

Interest  = Principal  x  Rate  x  Time

          = $1,020  x  .08 x $\frac{1}{4}$  ◀————— **Second quarter = 3 months**

          = $20.40

For the second quarter, the new principal is $1,020 + $20.40, or $1,040.40. The amount after 6 months is $1,040.40.

**A** Find the interest for the third and fourth quarters.

1. How much interest is earned in the third quarter of Mr. Heilman's account? _____

2. What is the balance of his account after the third quarter? _____

3. How much interest is earned in the fourth quarter of Mr. Heilman's account? _____

4. What is the balance of his account after the fourth quarter? _____

**B** Find the interest for the first two quarters for each principal below.

|  | 5. | 6. | 7. | 8. |
|---|---|---|---|---|
| Principal | $500 | $2,000 | $4,000 | $2,400 |
| Annual Interest Rate | 4% | 8% | 6% | 8% |
| First Principal Interest |  |  |  |  |
| Amount |  |  |  |  |
| Second Principal Interest |  |  |  |  |
| Amount |  |  |  |  |

**C** Find the balance of each account.

9. Margaret Klohr

   Principal: $700

   6% annual interest

   rate compounded quarterly

   What is the amount in the

   account after 2 quarters?

   _____

10. James Causey

    Principal: $1,000

    5% annual interest rate

    compounded semiannually

    (every 6 months)

    What is the amount in the

    account after 1 year?

    _____

11. Katie Wilson

    Principal: $2,500

    4% annual interest

    rate compounded semiannually

    What is the amount in the

    account after 2 years?

    _____

12. Paul Arroyo

    Principal: $1,200

    7% annual interest rate

    compounded quarterly

    What is the amount in the

    account after 3 quarters?

    _____

13. Jerri Chung

    Principal: $1,800

    $5\frac{1}{2}$% annual interest

    rate compounded quarterly

    What is the amount in the

    account after 1 quarter?

    _____

14. Tom Blake

    Principal: $750

    10% annual interest rate

    compounded semiannually

    What is the amount in the

    account after 6 months?

    _____

Tyrone has $4,000 deposited with an annual interest rate of 8%, compounded quarterly. What is the amount in his account after one year?

_____

# Passbooks

When you open a savings account, the bank may issue you a *passbook*. When you make a deposit or a withdrawal, a bank teller records the transaction in the passbook. At appropriate times, interest is also entered.

*Example:* Amanda Lewis has a savings account. On May 5, she deposited $50. The bank teller recorded the deposit and interest for the last quarter. What is the new balance in the passbook?

| Amanda Lewis | | | | |
|---|---|---|---|---|
| **Date** | **Interest** | **Deposit** | **Withdrawal** | **Balance** |
| 01/27 | | $25.00 | | $175.00 |
| 03/24 | | 50.00 | | 225.00 |
| 04/08 | | 25.00 | | 250.00 |
| 05/05 | 4.10 | 50.00 | | 304.10 |

Interest        Deposit        New Balance

**A** Find the new balance.

| | 1. | 2. | 3. | 4. | 5. |
|---|---|---|---|---|---|
| Previous Balance | $475.20 | $628.15 | $995.12 | $1,275.20 | $495.22 |
| Interest | 12.85 | — | 60.75 | — | 18.15 |
| Deposits | 45.25 | 60.95 | 125.00 | 250.00 | 180.00 |
| Withdrawals | — | 75.00 | — | 127.85 | 115.00 |
| New Balance | | | | | |

6. On June 3, Joan made a deposit of $120.00 to her savings account.

What is the new balance?

| **Date** | **Interest** | **Deposit** | **Withdrawal** | **Balance** |
|---|---|---|---|---|
| 04/21 | | $25.00 | | $875.15 |
| 06/03 | | 120.00 | | 6. |
| | | | | |

7. David withdrew $75.00 on April 4. The teller also credited $15.25 in interest to his account. What is the new balance in his account?

| Date | Interest | Deposit | Withdrawal | Balance |
| --- | --- | --- | --- | --- |
| 03/03 | | $50.00 | | $1,215.28 |
| 03/05 | | $60.00 | | $1,275.28 |
| 04/04 | $15.25 | | $75.00 | 7. |
| | | | | |

**B** Find the balance for each date in this savings account.

| Date | Interest | Deposit | Withdrawal | Balance |
| --- | --- | --- | --- | --- |
| 03/02 | | $75.00 | | $628.50 |
| 03/16 | | $50.00 | | 8. |
| 04/01 | $12.50 | | | 9. |
| 04/07 | | $75.00 | | 10. |
| 04/21 | | $90.00 | | 11. |
| 05/03 | | | $85.00 | 12. |
| 05/27 | | $120.00 | | 13. |
| 06/20 | | | $95.00 | 14. |
| 07/01 | $14.50 | $65.00 | | 15. |

# Dividing a Decimal by a Whole Number

*Rules to Remember:*

To divide a decimal by a whole number:

➤ Place the decimal point in the answer above the point in the dividend (number being divided).

➤ Divide as with a whole number.

➤ Sometimes it is necessary to place zeros in the answer.

*Examples:*

Divide: 9.12 ÷ 24

```
      .38
24)9.12
    72
    192
    192
      0
```

Divide: 4.717 ÷ 89

```
      .053
89)4.717
    445
    267
    267
      0
```

■ Divide. Check your answers.

1. $7\overline{)88.2}$

2. $6\overline{)1.836}$

3. $15\overline{).795}$

4. $2\overline{)327.48}$

5. $9\overline{)177.3}$

6. $6\overline{)2.616}$

7. $6\overline{)714.84}$

8. $12\overline{)22.32}$

9. $16\overline{)757.44}$

10. $72\overline{)40.32}$

11. $9\overline{).288}$

12. $31\overline{).1085}$

# Dividing a Decimal by a Decimal

**Rules to Remember:**

To divide a decimal by a decimal:

➤ Multiply both the divisor and dividend by 10, 100, or 1,000 to make a whole-number divisor.

➤ Place the decimal point in the answer above the decimal point in the dividend after it has been moved.

➤ Divide as with whole numbers.

*Examples:*

Divide: 8.96 ÷ .32

The divisor is .32 (32 hundredths). Multiply the divisor and the dividend by 100.

$$.32\overline{)8.96}$$

**Move the decimal point two places to the right.**

$$\begin{array}{r} 28 \\ 32\overline{)896} \\ \underline{64} \\ 256 \\ \underline{256} \\ 0 \end{array}$$

Divide: 3.6 ÷ .045

The divisor is .045 (45 thousandths). Multiply the divisor and the dividend by 1,000.

$$.045\overline{)3.600}$$

**Move the decimal point three places to the right. Add two zeros.**

$$\begin{array}{r} 80 \\ 45\overline{)3600} \\ \underline{360} \\ 00 \end{array}$$

**■ Divide. Check your answers.**

1. $.6\overline{)21.27}$      2. $.08\overline{)1.912}$      3. $.3\overline{).894}$      4. $.05\overline{)1.810}$

5. $.7\overline{).1113}$      6. $.008\overline{).256}$      7. $.9\overline{)228.6}$      8. $.007\overline{)2.989}$

9. $2.3\overline{)8.97}$      10. $.29\overline{).464}$      11. $7.5\overline{)4.50}$      12. $.52\overline{).884}$

13. $.21\overline{)11.97}$      14. $.084\overline{).3024}$      15. $3.7\overline{)236.8}$      16. $8.1\overline{)42.12}$

17. $3.76 \div .4 =$ _____      18. $28 \div .7 =$ _____

19. $2.615 \div .5 =$ _____      20. $65.7 \div .9 =$ _____

21. $.238 \div .7 =$ _____      22. $.1224 \div .8 =$ _____

23. $2.4 \div 1.2 =$ _____      24. $106.6 \div .26 =$ _____

25. $6.643 \div 7.3 =$ _____      26. $104.88 \div .23 =$ _____

27. $9.482 \div 1.1 =$ _____      28. $57. \div .016 =$ _____
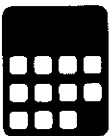
A car travels 348 miles and uses 14.5 gallons of gasoline. How far can the car travel on one gallon of gas? _____

# Deposit Slips

Checks are often used in place of cash. Paying bills with a check is safer and more convenient than carrying around large amounts of money. To be able to write a check, you must first deposit money into a checking account. Deposit slips are used to record the amount of money deposited.

*Example:* Scott wishes to deposit two checks, one for $59.95 and the other for $45.00. He also has $40.00 in cash to deposit. This is how the deposit slip was completed:

SCOTT L. JONES
18 EDGE LANE
FULTON, NY 13069

DATE _____ *April 12* _____ 19 *96*

SIGNATURE REQUIRED FOR CASH BACK

**Calvert Springs** SAVINGS AND LOAN ASSOCIATION

‖ ■ 0 0333 2 ‖ ■   ■ ■ 0 5 2 0 0 0 6 1 8 ‖

CHECKS AND OTHER ITEMS ARE RECEIVED FOR DEPOSIT SUBJECT TO THE PROVISIONS OF THE UNIFORM COMMERICAL CODE OR ANY APPLICABLE COLLECTION AGREEMENT.

| CASH | CURRENCY | 40 | 00 |
|---|---|---|---|
| | COIN | | |
| LIST CHECKS SINGLY | | | |
| 7-19 | | 59 | 95 |
| 7-21 | | 45 | 00 |
| TOTAL FROM OTHER SIDE | | | |
| TOTAL | | 144 | 95 |
| LESS CASH RECEIVED | | | |
| NET DEPOSIT | | 144 | 95 |

7-89
520

List Checks

6 2 6 59 3 6 ‖ ■

Total Amount Deposited

**Scott's Account Number**

**A** Fill in the deposit slip and find the total deposit.

1. Deposit slip for Mary Lee
   Check for $162.45
   Cash for $62.50

| CASH | CURRENCY | | |
|---|---|---|---|
| | COIN | | |
| LIST CHECKS SINGLY | | | |
| | | | |
| | | | |
| TOTAL FROM OTHER SIDE | | | |
| TOTAL | | | |
| LESS CASH RECEIVED | | | |
| NET DEPOSIT | | | |

2. Deposit slip for Jim Ott
   Checks for $92.50 and $117.25
   Cash for $118.40

| CASH | CURRENCY | | |
|---|---|---|---|
| | COIN | | |
| LIST CHECKS SINGLY | | | |
| | | | |
| | | | |
| TOTAL FROM OTHER SIDE | | | |
| TOTAL | | | |
| LESS CASH RECEIVED | | | |
| NET DEPOSIT | | | |

**B** Fill in each deposit slip and find the total deposit.

3. Checks for $12.95 and $27.60
   $75.00 in cash

| CASH | CURRENCY | | |
|---|---|---|---|
| | COIN | | |
| LIST CHECKS SINGLY | | | |
| | | | |
| | | | |
| TOTAL FROM OTHER SIDE | | | |
| TOTAL | | | |
| LESS CASH RECEIVED | | | |
| NET DEPOSIT | | | |

4. Checks for $175.90 and $98.75
   $120.00 in cash

| CASH | CURRENCY | | |
|---|---|---|---|
| | COIN | | |
| LIST CHECKS SINGLY | | | |
| | | | |
| | | | |
| TOTAL FROM OTHER SIDE | | | |
| TOTAL | | | |
| LESS CASH RECEIVED | | | |
| NET DEPOSIT | | | |

5. Checks for $92.68, $171.75, and $28.40
   $125.00 in cash

| CASH | CURRENCY | | |
|---|---|---|---|
| | COIN | | |
| LIST CHECKS SINGLY | | | |
| | | | |
| | | | |
| TOTAL FROM OTHER SIDE | | | |
| TOTAL | | | |
| LESS CASH RECEIVED | | | |
| NET DEPOSIT | | | |

6. Checks for $250, $198.50, and $217.85
   $215.80 in cash

| CASH | CURRENCY | | |
|---|---|---|---|
| | COIN | | |
| LIST CHECKS SINGLY | | | |
| | | | |
| | | | |
| TOTAL FROM OTHER SIDE | | | |
| TOTAL | | | |
| LESS CASH RECEIVED | | | |
| NET DEPOSIT | | | |

7. Checks for $45.90 and $72.85
   $85.00 in cash

| CASH | CURRENCY | | |
|---|---|---|---|
| | COIN | | |
| LIST CHECKS SINGLY | | | |
| | | | |
| | | | |
| TOTAL FROM OTHER SIDE | | | |
| TOTAL | | | |
| LESS CASH RECEIVED | | | |
| NET DEPOSIT | | | |

8. Checks for $285.00, $98.25, and $162.50
   $105.75 in cash

| CASH | CURRENCY | | |
|---|---|---|---|
| | COIN | | |
| LIST CHECKS SINGLY | | | |
| | | | |
| | | | |
| TOTAL FROM OTHER SIDE | | | |
| TOTAL | | | |
| LESS CASH RECEIVED | | | |
| NET DEPOSIT | | | |
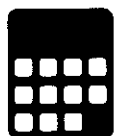
Tom Foster deposited the following in his checking account: 40 quarters, 40 dimes, 200 one-dollar bills, and a check for $87.55. Find his total deposit. _____

After a checking account is opened and a deposit made, checks can be written. When the person (payee) receives the check, it is sent to the bank for payment. The bank subtracts the amount of the check from the account of the person writing the check (payer). This is what a completed check looks like:

*Example:*



Payee    Date Check Written    Check Number

Payer — Scott L. Jones
18 Edge Lane
Fulton, NY 13069

*May 6* 19*96*

1152

Federal Reserve Number

60-105
313

Amount in Words

PAY TO THE ORDER OF  *Blare Road Florist*

$ *25.00*

Amount in Numbers

*Twenty-five and no/100* ———————— DOLLARS

**AGSNational Bank**

MEMO *flowers*    *Scott L. Jones*

Purpose of Check    Account Number    Signature

***Things to Remember:***

➤ Write the date the check is written. Do not date ahead.

➤ Always fill in the payee's name. Never leave it blank.

➤ Start at the left when writing the amount in numbers. Do not leave space after the dollar sign.

➤ Write the amount in words carefully. Fill the incomplete space with a line.

➤ Sign the check, but never sign before filling in all the blanks.

Write each amount in words as it would appear on a check.

1. $20.75 _____ DOLLARS

2. $125.00 _____ DOLLARS

3. $438.92 _____ DOLLARS

4. $1,475.00 _____ DOLLARS

5. $24,200 _____ DOLLARS

---

JOHN BROWN                                                    197
26 MAPLE AVE.
GARY, IN  46401            *March 6*   19 *96*         60-105
                                                       313

PAY TO THE
ORDER OF   *Jim's Auto Clinic*                    $ *45.00*

*Forty-five and no/100*————————————————DOLLARS

**AGSNational Bank**

MEMO *tune-up and oil change*         *John Brown*

⑈■0 0333 2⑈■ ■■052000618⑈■

---

6. Who is the payee? _____

7. What is the amount? _____

8. For what purpose was the check written? _____

---

KAREN MEUSHAW                                                 48
94 OAK PLACE
ATLANTA, GA  30304         *August 5*   19 *96*        60-105
                                                       313

PAY TO THE
ORDER OF   *White Marsh Dental Clinic*            $ *125.00*

*One hundred twenty-five and no/100*————————DOLLARS

**AGSNational Bank**

MEMO *dental work*                    *Karen Meushaw*

⑈■0 0333 2⑈■ ■■052000618⑈■

---

9. To whose account will the check be charged? _____

10. Was the amount in words written correctly? _____

# Writing Checks, Part 2

To write a check, you do the following:

1. Write the date.

2. Write the name of the person or business to whom the payment is to be made (payee).

3. Write the amount of the check in numerals.

4. Write the amount of the check in words.

5. Write a note on the check to show its purpose.

6. Sign the check (payer).

```
2                                              1
                                                 /
                                              /      3
BARBARA HARR                          741      /
397 Victory Trail
Franklin, TN  37064                  60-105
                            19        313

PAY TO THE
ORDER OF _____  $ _____

_____ DOLLARS    6

AGSNational Bank
MEMO_____  _____

II ■ 0 0333 2 II ■  I ■ 0 5 2 0 0 0 6 1 8 II ■
```

■ Use the information above each check to complete it.

1.

| Date | Payee | Amt. of check | For | Payer |
|------|-------|---------------|-----|-------|
| 4/21/98 | Mary's Beauty Shop | $25.00 | Haircut | Margaret Allen |

```
MARGARET ALLEN                       741
1261 West Avenue
Chicago, IL  60601                   60-105
                            19        313

PAY TO THE
ORDER OF _____  $ _____

_____ DOLLARS

AGSNational Bank
MEMO_____  _____

II ■ 0 0333 2 II ■  I ■ 0 5 2 0 0 0 6 1 8 II ■
```

**2.**

| Date | Payee | Amt. of check | For | Payer |
|------|-------|---------------|-----|-------|
| 5/12/96 | A-1 Repair Service | $85.75 | VCR Repair | Terri Smith |

TERRI SMITH                                                    37
7274 Wilson Blvd., Apt. 40
Las Vegas, NV  89115

_____19_____                60-105
                                         313

PAY TO THE
ORDER OF  _____    $ _____

_____  DOLLARS

**AGS National Bank**

MEMO_____        _____

‖ ■ 0 0333 2 ‖ ■  ‖ ■ 0 5 2 0 0 0 6 1 8 ‖ ■

**3.**

| Date | Payee | Amt. of check | For | Payer |
|------|-------|---------------|-----|-------|
| 9/26/96 | Allied Auto Service | $137.50 | Auto Repair | John Savarese |

John Savarese                                                 502
17 Brentwood Drive
Bangor, ME  04401

_____19_____                60-105
                                         313

PAY TO THE
ORDER OF  _____    $ _____

_____  DOLLARS

**AGS National Bank**

MEMO_____        _____

‖ ■ 0 0333 2 ‖ ■  ‖ ■ 0 5 2 0 0 0 6 1 8 ‖ ■

**4.**

| Date | Payee | Amt. of check | For | Payer |
|------|-------|---------------|-----|-------|
| 12/18/96 | Giant Foods | $64.75 | Food | Kristie Dando |

Kristie Dando                                                 164
8620 Ironwood Ave.
Dallas, TX  75204

_____19_____                60-105
                                         313

PAY TO THE
ORDER OF  _____    $ _____

_____  DOLLARS

**AGS National Bank**

MEMO_____        _____

‖ ■ 0 0333 2 ‖ ■  ‖ ■ 0 5 2 0 0 0 6 1 8 ‖ ■

# Check Stubs

A *check stub* is used to keep a record of the deposits and checks written. The *balance* tells the amount of money in the account. Deposits are added to the account; checks written are subtracted. If there is a *service charge* for each check, it is also subtracted.

*Example:*

Christa's account has a balance of $145.20. After she makes a deposit of $200.00 and writes a check for $47.85, what is the balance in her account? There is a $.15 service charge for each check.

The new balance is $297.20.

**276**

☐ TAX ITEM $ __47.85__

DATE __May 5, 1996__

TO __K-Mart__

FOR __Misc. Items__

| | DOLLARS | CENTS |
|---|---|---|
| BALANCE FORWARD | 145 | 20 |
| (+) DEPOSIT | 200 | 00 |
| BALANCE | 345 | 20 |
| (-) THIS CHECK | 47 | 85 |
| FEES (-) | | 15 |
| BALANCE | 297 | 20 |

Opening Balance

Deposit

Check

New Balance

**A** Find the new balance for each check and/or deposit.

**1.**

| | DOLLARS | CENTS |
|---|---|---|
| BALANCE FORWARD | 175 | 50 |
| (+) DEPOSIT | | |
| BALANCE | | |
| (-)THIS CHECK | 42 | 85 |
| FEES (-) | | 15 |
| BALANCE | | |

**2.**

| | DOLLARS | CENTS |
|---|---|---|
| BALANCE FORWARD | 214 | 83 |
| (+) DEPOSIT | 400 | 00 |
| BALANCE | | |
| (-)THIS CHECK | 18 | 25 |
| FEES (-) | | 15 |
| BALANCE | | |

**3.**

| | DOLLARS | CENTS |
|---|---|---|
| BALANCE FORWARD | 628 | 50 |
| (+) DEPOSIT | | |
| BALANCE | | |
| (-)THIS CHECK | 175 | 14 |
| FEES (-) | | 15 |
| BALANCE | | |

**4.**

| | DOLLARS | CENTS |
|---|---|---|
| BALANCE FORWARD | 902 | 83 |
| (+) DEPOSIT | 100 | 00 |
| BALANCE | | |
| (-)THIS CHECK | 186 | 14 |
| FEES (-) | | 15 |
| BALANCE | | |

**B** Use the check stubs to answer the questions.

5. What was the opening balance on July 1? _____

6. To whom was check #277 written? _____

7. For how much was the check? _____

8. For what was check #277 written? _____

9. What was the closing balance on July 1? _____

10. Was a fee recorded for the check? _____

| 277 | | |
|---|---|---|
| ☐ TAX ITEM  $ 25.50 | | |
| DATE     7/1/96 | | |
| TO Barlow Florists | | |
| FOR  Flowers | | |
| | DOLLARS | CENTS |
| BALANCE FORWARD | 275 | 12 |
| (+) DEPOSIT | | —— |
| BALANCE | 275 | 12 |
| (−) THIS CHECK | 25 | 50 |
| FEES (−) | | —— |
| BALANCE | | |

11. What was the opening balance on July 3? _____

12. How much was deposited on July 3? _____

13. What was the balance after the deposit? _____

14. For what was check #278 written? _____

15. For how much was the check? _____

16. Was a fee recorded for the check? _____

17. What was the closing balance on July 3? _____

| 278 | | |
|---|---|---|
| ☐ TAX ITEM  $ 45.72 | | |
| DATE    7/3/96 | | |
| TO Holland Auto | | |
| FOR Car repairs | | |
| | DOLLARS | CENTS |
| BALANCE FORWARD | | |
| (+) DEPOSIT | 125 | 00 |
| BALANCE | | |
| (−) THIS CHECK | 45 | 72 |
| FEES (−) | | —— |
| BALANCE | | |

**C** Complete each check stub and carry the balance forward.

**18.** Check Number: 802

| | DOLLARS | CENTS |
|---|---|---|
| BALANCE FORWARD | 475 | 26 |
| (+) DEPOSIT | 400 | 00 |
| BALANCE | | |
| (−)THIS CHECK | 125 | 50 |
| FEES (−) | | —— |
| BALANCE | | |

**19.** Check Number: 803

| | DOLLARS | CENTS |
|---|---|---|
| BALANCE FORWARD | | |
| (+) DEPOSIT | | —— |
| BALANCE | | |
| (−)THIS CHECK | 32 | 15 |
| FEES (−) | | —— |
| BALANCE | | |

**20.** Check Number: 804

| | DOLLARS | CENTS |
|---|---|---|
| BALANCE FORWARD | | |
| (+) DEPOSIT | | —— |
| BALANCE | | |
| (−)THIS CHECK | 205 | 00 |
| FEES (−) | | —— |
| BALANCE | | |

# Running Balance, Part 1

A *running balance* is a continuous record of how much is in your checking account. It includes all deposits and checks written.

*Example:*    Fred's opening balance is $625.40. He makes a deposit of $250.00 and writes a check for $115.50. What is his balance at the end of the day?

| | | 802 |
|---|---|---|
| ☐ TAX ITEM | $ 115.50 | |
| DATE | 8/26/96 | |
| TO Ross Plumbers | | |
| FOR Repair | | |
| | DOLLARS | CENTS |
| BALANCE FORWARD | 625 | 40 |
| (+) DEPOSIT | 250 | 00 |
| BALANCE | 875 | 40 |
| (−) THIS CHECK | 115 | 50 |
| FEES (−) | | |
| BALANCE | 759 | 90 |

FRED ALLEN                                                    802
22 LAUREL DRIVE
UNION, NJ 07087
                                  8/26            19 96         7-89
                                                               520

PAY TO THE
ORDER OF    *Ross Plumbers*                           $ 115.50

*One hundred fifteen and 50/100* ——————————— DOLLARS

**AGSNational Bank**
MEMO *repair hot water heater*              *Fred Allen*

‖■0 0333 2‖■  ‖■0 5 2 0 0 0 6 1 8‖‖    0 03  333 2  2 ‖■

His balance at the end of the day is $759.90.

■ Complete each check and stub and carry the balance forward. The opening balance is $525.15.

| Date | Deposits | Check# | Payee | For | Amount |
|---|---|---|---|---|---|
| 5/2/98 | | 147 | Atkins Lumber Co. | Lumber | $75.62 |
| 5/4/98 | $175.00 | 148 | Giant Foods | Food | $48.16 |
| 5/5/98 | | 149 | Dr. John Lavin | Doctor's Visit | $25.00 |

## Check 147

| | DOLLARS | CENTS |
|---|---|---|
| TAX ITEM  $_____ | | |
| DATE _____ | | |
| TO _____ | | |
| FOR _____ | | |
| BALANCE FORWARD | | |
| (+) DEPOSIT | | |
| BALANCE | | |
| (–) THIS CHECK | | |
| FEES (–) | | |
| BALANCE | | |

**147**

FRAN WELLS
15 PINE LANE
HINSDALE, IL 60521

_____ 19 _____    7-89
                     520

PAY TO THE
ORDER OF _____ $ _____

_____ DOLLARS

**AGSNational Bank**

MEMO _____

⑈■ 0 0333 2 ⑈■ ■■ 0 5 2 0 0 0 6 1 8 ⑈■  0 04  333 2  2 ⑈■

## Check 148

| | DOLLARS | CENTS |
|---|---|---|
| TAX ITEM  $_____ | | |
| DATE _____ | | |
| TO _____ | | |
| FOR _____ | | |
| BALANCE FORWARD | | |
| (+) DEPOSIT | | |
| BALANCE | | |
| (–) THIS CHECK | | |
| FEES (–) | | |
| BALANCE | | |

**148**

FRAN WELLS
15 PINE LANE
HINSDALE, IL 60521

_____ 19 _____    7-89
                     520

PAY TO THE
ORDER OF _____ $ _____

_____ DOLLARS

**AGSNational Bank**

MEMO _____

⑈■ 0 0333 2 ⑈■ ■■ 0 5 2 0 0 0 6 1 8 ⑈■  0 04  333 2  2 ⑈■

## Check 149

| | DOLLARS | CENTS |
|---|---|---|
| TAX ITEM  $_____ | | |
| DATE _____ | | |
| TO _____ | | |
| FOR _____ | | |
| BALANCE FORWARD | | |
| (+) DEPOSIT | | |
| BALANCE | | |
| (–) THIS CHECK | | |
| FEES (–) | | |
| BALANCE | | |

**149**

FRAN WELLS
15 PINE LANE
HINSDALE, IL 60521

_____ 19 _____

PAY TO THE
ORDER OF _____ $ _____

_____ DOLLARS

**AGSNational Bank**

MEMO _____

⑈■ 0 0333 2 ⑈■ ■■ 0 5 2 0 0 0 6 1 8 ⑈■  0 04  333 2  2 ⑈■

# Running Balance, Part 2

■ Complete each check and stub and carry the balance forward. The opening balance is $728.32.

| Date | Deposits | Check# | Payee | For | Amount |
|------|----------|--------|-------|-----|--------|
| 9/2/97 | | 726 | Harris's Market | Food | $68.75 |
| 9/3/97 | $125.00 | 727 | G. & R. Books | Books | $24.15 |
| 9/6/97 | | 728 | Carroll Co. Bank | Car payment | $210.00 |
| 9/10/97 | $450.00 | 729 | Gas Company | Utilities | $165.25 |
| 9/11/97 | | 730 | Willis's Garage | Car repair | $78.65 |

```
┌─────────────────────┐  726
│ ☐ TAX              │
│   ITEM   $_____ │
│ DATE _____  │
│ TO _____  │
│ _____ │
│ FOR_____   │
│         DOLLARS CENTS│
│ BALANCE            │
│ FORWARD            │
│ (+)                │
│ DEPOSIT            │
│ BALANCE            │
│ (-) THIS           │
│ CHECK              │
│ FEES (-)           │
│ BALANCE            │
```

MARIA CHAVEZ                                                          726
32 REED ROAD
NASHVILLE, TN  37013
                                                    _____19_____   7-89
                                                                     520
PAY TO THE
ORDER OF   _____   $ _____

_____ DOLLARS

**AGSNational Bank**

MEMO _____        _____

‖■ 0 0333 2 ‖■ ‖■ 0 5 2 0 0 0 6 1 8 ‖■     0 05  333 2  2 ‖■

```
┌─────────────────────┐  727
│ ☐ TAX              │
│   ITEM   $_____ │
│ DATE _____  │
│ TO _____  │
│ _____ │
│ FOR_____   │
│         DOLLARS CENTS│
│ BALANCE            │
│ FORWARD            │
│ (+)                │
│ DEPOSIT            │
│ BALANCE            │
│ (-) THIS           │
│ CHECK              │
│ FEES (-)           │
│ BALANCE            │
```

MARIA CHAVEZ                                                          727
32 REED ROAD
NASHVILLE, TN  37013
                                                    _____19_____   7-89
                                                                     520
PAY TO THE
ORDER OF   _____   $ _____

_____ DOLLARS

**AGSNational Bank**

MEMO _____        _____

‖■ 0 0333 2 ‖■ ‖■ 0 5 2 0 0 0 6 1 8 ‖■     0 05  333 2  2 ‖■

## Check 728

| | | 728 |
|---|---|---|
| ☐ TAX ITEM  $_____ | | |
| DATE _____ | | |
| TO _____ | | |
| _____ | | |
| FOR_____ | | |

| | DOLLARS | CENTS |
|---|---|---|
| BALANCE FORWARD | | |
| (+) DEPOSIT | | |
| BALANCE | | |
| (−) THIS CHECK | | |
| FEES (−) | | |
| BALANCE | | |

MARIA CHAVEZ
32 REED ROAD
NASHVILLE, TN  37013

_____19 _____   7-89 / 520

PAY TO THE
ORDER OF  _____  $ _____

_____  DOLLARS

**AGSNational Bank**

MEMO _____    _____

⑈■0 0333 2⑈■ ■■0 5 2 0 0 0 6 1 8⑈■    0 03  333 2  2⑈■

## Check 729

| | | 729 |
|---|---|---|
| ☐ TAX ITEM  $_____ | | |
| DATE _____ | | |
| TO _____ | | |
| _____ | | |
| FOR_____ | | |

| | DOLLARS | CENTS |
|---|---|---|
| BALANCE FORWARD | | |
| (+) DEPOSIT | | |
| BALANCE | | |
| (−) THIS CHECK | | |
| FEES (−) | | |
| BALANCE | | |

MARIA CHAVEZ
32 REED ROAD
NASHVILLE, TN  37013

_____19 _____   7-89 / 520

PAY TO THE
ORDER OF  _____  $ _____

_____  DOLLARS

**AGSNational Bank**

MEMO _____    _____

⑈■0 0333 2⑈■ ■■0 5 2 0 0 0 6 1 8⑈■    0 03  333 2  2⑈■

## Check 730

| | | 730 |
|---|---|---|
| ☐ TAX ITEM  $_____ | | |
| DATE _____ | | |
| TO _____ | | |
| _____ | | |
| FOR_____ | | |

| | DOLLARS | CENTS |
|---|---|---|
| BALANCE FORWARD | | |
| (+) DEPOSIT | | |
| BALANCE | | |
| (−) THIS CHECK | | |
| FEES (−) | | |
| BALANCE | | |

MARIA CHAVEZ
32 REED ROAD
NASHVILLE, TN  37013

_____19 _____   7-89 / 520

PAY TO THE
ORDER OF  _____  $ _____

_____  DOLLARS

**AGSNational Bank**

MEMO _____    _____

⑈■0 0333 2⑈■ ■■0 5 2 0 0 0 6 1 8⑈■    0 03  333 2  2⑈■

# Consumer Checkpoint 1

■ Solve each problem. Then circle the letter of the correct answer.

1. Sonia Perez earns $540 for a 40-hour week. If her overtime pay is 1.5 times her straight-time rate, how much does Sonia earn for each overtime hour she works?

    a. $13.50      b. $6.75      c. $20.25      d. $22.50

2. Tonya earns $7.40 per hour; Glenn earns $6.95 per hour; Julie earns $7.25 per hour; and Larry earns $8.05 per hour. Which employee earns $290 per 40-hour week?

    a. Larry      b. Tonya      c. Glenn      d. Julie

3. A computer technician's gross pay is $640.20 per week. His deductions total $201.38. What is his net pay?

    a. $438.82      b. $640.20      c. $841.58      d. $458.82

4. Rob's opening balance was $1,421.11. He deposited checks for $74.00, $864.10, and $250.00. Then he withdrew $300 in cash. What is his current balance?

    a. $233.01      b. $2,000.91      c. $2,309.21      d. $2,609.21

5. Tuan deposited $1,500 in a savings account that pays an annual rate of 7% interest compounded semiannually. Adela deposited $1,500 in a savings account that pays 8% interest annually. How much more money will Adela have than Tuan at the end of 1 year?

    a. $13.16      b. $15.76      c. $97.35      d. $102.20

6. Liz deposited $1,200 in a savings account that paid $5\frac{1}{4}$% annually. How much would Liz have in her account after 1 year?

    a. $1,263.00      b. $1,830.00      c. $1,260.00      d. $1,206.30

7. What is the simple interest on $2,500 for 6 months at $9\frac{1}{2}$%?

    a. $150.00      b. $237.50      c. $112.50      d. $118.75

8. Dan earned $426.40 last week. His deductions totaled $102.25. What was his net pay?

    a. $528.65      b. $314.15      c. $324.15      d. $334.15

9. Jake earns $4.50 an hour and 10% on all sales over $1,000. Last week he worked 36 hours and sold $4,600 worth of merchandise. What was Jake's gross pay?

    a. $162.00      b. $622.00      c. $460.00      d. $522.00

10. The Happy Home Realty Company sold the Parkers' home for $178,400. The commission rate was $6\frac{3}{4}$%. How much did the Parkers receive from the sale of their home?

    a. $11,310.56      b. $57,980.00      c. $166,358.00      d. $160,358.00

# Multiplication of Decimals

*Rules to Remember:*

To multiply two decimal fractions:

➤ Multiply the same as whole numbers.

➤ Count the number of places to the right of the decimal point in both factors.

➤ Beginning at the right, count the same number of decimal places in the product.

➤ Place the decimal point.

➤ Sometimes it is necessary to insert zeros in the product.

*Examples:*

Multiply: 6.7 x 2.35          Multiply: 2.7 x .063

$$2.35 \leftarrow \textbf{2 places}$$
$$\underline{x\ 6.7} \leftarrow \textbf{1 place}$$
$$1645$$
$$\underline{1410}$$
$$15.745 \leftarrow \textbf{3 places}$$
**Place decimal point.**

$$.063 \leftarrow \textbf{3 places}$$
$$\underline{x\ .27} \leftarrow \textbf{2 places}$$
$$441$$
$$\underline{126}$$
$$.01701 \leftarrow \textbf{5 places}$$
**Insert zero.**

**A** Multiply. Check your answers.

| 1. | 27.5 | 2. | 16.34 | 3. | .07 | 4. | 17.5 | 5. | 28.3 | 6. | 172 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | x 8 | | x 12 | | x 82 | | x 4.2 | | x .05 | | x .45 |

| 7. | 67.3 | 8. | .723 | 9. | .027 | 10. | 1.76 | 11. | .273 | 12. | 1.872 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | x 1.4 | | x .17 | | x 5 | | x .003 | | x .76 | | x .008 |

**B** Multiply. Check your answers.

13. 27.50 x 16 = _____     14. 45.16 x 26 = _____

15. 1.76 x 8.3 = _____     16. .073 x 18 = _____

17. .072 x .05 = _____     18. .178 x .024 = _____

Salespeople in some stores help count the stock on hand once a month. This process is called *taking inventory*. The inventory also gives the value of the merchandise. To find the value, multiply the *unit cost* by the number of items.

*Example:*  At the end of the season, the Sea Side Scuba Shop had 4 underwater cameras valued at $120 each and 12 diving suits valued at $89.95 each in stock. What is the value of the Scuba Shop's inventory?

Inventory Value = Unit Cost x Number of Items
= ($120 x 4) + ($89.95 x 12)
= $480.00 + $1,079.40
= $1,559.40
The value of the Scuba Shop's inventory is $1,559.40.

**C** Find the value of the inventory for each item.

| Items | Inventory | Unit Cost | Value |
|---|---|---|---|
| 19. Camera bags | 12 | $24.50 | |
| 20. Zoom lenses | 16 | 89.90 | |
| 21. Electronic flashes | 10 | 65.25 | |
| 22. Disposable cameras | 23 | 6.50 | |
| 23. Tripods | 18 | 37.75 | |
| 24. Slide viewers | 20 | 18.65 | |
| 25. Pocket cameras | 6 | 58.90 | |
| 26. "AA" batteries | 2,100 | .59 | |
| 27. Deluxe camera bags | 7 | 57.75 | |
| 28. Camera film | 250 | 4.75 | |
| 29. 35mm cameras | 9 | 349.90 | |
| 30. Photo albums | 15 | 22.00 | |
| 31. Telephoto lenses | 4 | 96.25 | |
| 32. Light filters | 17 | 13.40 | |

# Parts of a Budget

A *budget* is a plan for spending and saving money. A well-planned budget is the key to wise spending and saving.

*Example:*  Mark has a part-time job in a gas station. His monthly net income is $300. This is his monthly budget:
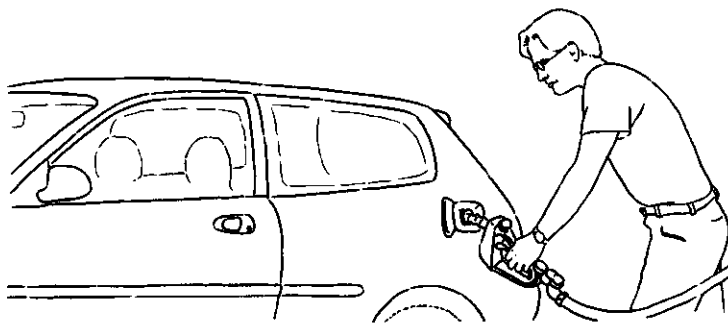
| Items | % of Budget | Amount |
|---|---|---|
| Savings | 10% | $30.00 |
| Car: Gas, Oil, Insurance | 30% | 1. |
| Entertainment, Dates | 30% | 2. |
| Clothing | 15% | 3. |
| Gifts, Contributions | 10% | 4. |
| Personal Items | 5% | 5. |
|  |  | **TOTAL** $300.00 |

How much did Mark set aside for savings in his budget?

| Amount | = | % of budget | x | Net income |
|---|---|---|---|---|

$$= \quad .10 \quad \quad x \quad \$300.00$$
$$= \quad \$30.00$$

Mark plans to save $30.00 a month.

**A** Find the amount budgeted for all of the other items in Mark's budget and record them on the chart.

**B** Missy has a part-time job as a salesclerk. She has a monthly net income of $360.00. Find the amount budgeted for each item in her budget.

| Items | % of Budget | Amount |
|---|---|---|
| Transportation | 20% | 6. |
| Food | 8% | 7. |
| Clothing | 25% | 8. |
| Telephone | 5% | 9. |
| Personal Items | 5% | 10. |
| Gifts, Contributions | 10% | 11. |
| Entertainment | 12% | 12. |
| Savings | 15% | 13. |
| | | **TOTAL** $360.00 |

**C** Walter and Karen are newlyweds. They have a monthly net income of $3,800. Find the amount set aside for each item in their budget.

| Items | % of Budget | Amount |
|---|---|---|
| Food | 20% | 14. |
| Housing | 23% | 15. |
| Clothing | 15% | 16. |
| Insurance | 2% | 17. |
| Utilities | 5% | 18. |
| Personal Items | 8% | 19. |
| Entertainment | 7% | 20. |
| Transportation | 14% | 21. |
| Savings | 6% | 22. |
| | | **TOTAL** $3,800.00 |

The first step in managing your money is to keep a record of how you spend it. At the end of three months, you will be in a better position to determine your spending habits.

*Example:* Miguel has a part-time job that pays him a monthly net income of $250.00. Miguel's expenditures for the last three months are shown below.

| Items | Sept. | Oct. | Nov. | Average Expenditure |
|---|---|---|---|---|
| Food | $22 | $25 | $28 | $25.00 |
| Transportation | 100 | 40 | 70 | 1. |
| Entertainment | 25 | 45 | 20 | 2. |
| Personal Items | 28 | 25 | 19 | 3. |
| Gifts, Contributions | 15 | 10 | 20 | 4. |
| Clothing | 50 | 45 | 40 | 5. |
| Savings | 10 | 60 | 53 | 6. |
| Totals | $250 | $250 | $250 | $250.00 |

What was Miguel's average expenditure for food?

Average expenditure = Sum of monthly expenditures ÷ Number of months
= ($22 + 25 + 28) ÷ 3
= $75 ÷ 3
= $25.00

Miguel's average expenditure for food is $25.00.

**A** Find the average expenditure for each item in Miguel's budget and record it on the chart.

This is a record of how the Johnsons spent their net income for the last four months. Their average expenditure for rent was $950.00.

**B** Find the average expenditure for the other items in their budget.

| Budget Items | March | April | May | June | Avg. Expenditure |
|---|---|---|---|---|---|
| Rent | $950 | $950 | $950 | $950 | $950 |
| Food | 700 | 700 | 690 | 720 | 7. |
| Clothing | 400 | 600 | 360 | 440 | 8. |
| Transportation | 380 | 380 | 380 | 380 | 9. |
| Entertainment | 185 | 200 | 150 | 225 | 10. |
| Insurance | 250 | 250 | 450 | 250 | 11. |
| Utilities | 300 | 220 | 180 | 160 | 12. |
| Telephone | 60 | 75 | 60 | 58 | 13. |
| Personal Items | 200 | 250 | 180 | 220 | 14. |
| Contributions | 100 | 140 | 120 | 117 | 15. |
| Savings | 475 | 235 | 480 | 480 | 16. |
| **Total Spendings** | $4,000 | $4,000 | $4,000 | $4,000 | $4,000 |

17. How much did the Johnsons spend in March? _____

18. What is the average monthly expenditure for food? _____

19. What is the average monthly expenditure for clothing? _____

20. How much is the monthly transportation expense for the Johnsons? _____

21. Items that stay the same in a budget are called *fixed* expenses. What items are fixed in their budget? _____

22. What month has the highest amount budgeted for insurance? _____

23. What month has the highest amount budgeted for clothing? _____

24. How much do the Johnsons save each month on an average? _____

25. If the Johnsons want to be sure they save an additional $50.00 a month, on what items might they spend less? _____

# Comparing Budgets

Everyone's budget is not the same. A personal budget should be based on individual needs and income. For example, the transportation expenses for a person who has to make monthly payments on a car would be different from those of one who rides public transportation.

*Example:*   Margaret and Robert both have part-time jobs. Margaret's monthly income is $240, and Robert's is $200. Their individual needs are shown in their budgets.

What percent did each spend for food?

| **Margaret:** | **Robert:** |
|---|---|
| Percent spent = Amount spent ÷ Total budget | Percent spent = Amount spent ÷ Total budget |
| = $12.00 ÷ $240.00 | = $20.00 ÷ $200.00 |
| = .05 = 5% | = .10 = 10% |

|  | **Margaret's Budget** | | **Robert's Budget** | |
|---|---|---|---|---|
| **Items** | **Amount** | **Percent** | **Amount** | **Percent** |
| Clothing | $96.00 | 1. _____ | $30.00 | 7. _____ |
| Transportation | 12.00 | 2. _____ | 60.00 | 8. _____ |
| Entertainment | 24.00 | 3. _____ | 50.00 | 9. _____ |
| Gifts, Contributions | 48.00 | 4. _____ | 20.00 | 10. _____ |
| Personal Items | 36.00 | 5. _____ | 10.00 | 11. _____ |
| Savings | 12.00 | 6. _____ | 10.00 | 12. _____ |
| Food | 12.00 | 5% | 20.00 | 10% |
|  | $240.00 | | $200.00 | |

**A** Find the percent spent for each item in Margaret's and Robert's budgets.

13. What is the largest item in Margaret's budget? _____

14. What is the largest item in Robert's budget? _____

Ralph has a monthly net income of $4,000. Joseph's monthly net income is $1,500. Their budgets are shown below.

**B** Find the percent spent for each item in Ralph's and Joseph's budgets.

| | Ralph's Budget | | | Joseph's Budget | |
|---|---|---|---|---|---|
| **Items** | **Amount** | **Percent** | | **Amount** | **Percent** |
| Rent | $900.00 | 15. _____ | | $500.00 | 25. _____ |
| Food | 600.00 | 16. _____ | | 300.00 | 26. _____ |
| Clothing | 400.00 | 17. _____ | | 75.00 | 27. _____ |
| Transportation | 250.00 | 18. _____ | | 150.00 | 28. _____ |
| Insurance | 250.00 | 19. _____ | | 60.00 | 29. _____ |
| Entertainment | 200.00 | 20. _____ | | 120.00 | 30. _____ |
| Personal Items | 180.00 | 21. _____ | | 25.00 | 31. _____ |
| Gifts, Contributions | 220.00 | 22. _____ | | 90.00 | 32. _____ |
| Utilities and Phone | 200.00 | 23. _____ | | 150.00 | 33. _____ |
| Savings | 800.00 | 24. _____ | | 30.00 | 34. _____ |
| | $4,000.00 | | | $1,500.00 | |

35. What is the largest item in Ralph's budget? _____

36. What is the largest item in Joseph's budget? _____

37. What is the smallest item in Ralph's budget? _____

38. What is the smallest item in Joseph's budget? _____

39. Who budgets the most for rent? _____

40. What is the difference between the amounts budgeted for savings? _____

41. What is the difference between the amounts budgeted for food? _____

42. What is the difference between the amounts budgeted for clothing? _____

# Multiplying by 10, 100, and 1,000

*Rules to Remember:*

To multiply by 10, 100, or 1,000, move the decimal point to the right.

➤ To multiply by 10, move the decimal point *one* place to the right; by 100, *two* places to the right; by 1,000, *three* places to the right.

➤ When necessary, add zeros to have the correct number of decimal places.

*Examples:*

Multiply: 4.75 x 10
4.75 x 10 = 47.5

Multiply: 7.3 x 1,000
7.3 x 1,000 = 7300

**Add two zeros**

**A** Multiply by 10.

| 1. 7.5 | 2. 12.86 | 3. .172 | 4. 72 | 5. 12.68 |
|--------|----------|---------|-------|----------|

**B** Multiply by 100.

| 6. 8.36 | 7. 9.025 | 8. 12.6 | 9. 48 | 10. .763 |
|---------|----------|---------|-------|----------|

**C** Multiply by 1,000.

| 11. 7.263 | 12. .075 | 13. 9.3 | 14. 274 | 15. 12.7283 |
|-----------|----------|---------|---------|-------------|

**D** Multiply.

| 16. 82.3 x 100 | 17. 19.5 x 10 | 18. 129.72 x 1,000 |
|----------------|---------------|--------------------|

# Decimals to Percents/Percents to Decimals

*Rules to Remember:*

Percent means hundredths.

To change a decimal to a percent:

➤ Move the decimal point two places to the right.

➤ Add a percent sign.

To change a percent to a decimal:

➤ Move the decimal point two places to the left.

➤ Drop the percent sign.

*Examples:*

Write a percent for .85.
.85 = .85 = 85%

Write a percent for .075.
.075 = .075 = 7.5%

Write a decimal for 27%.
27% = 27% = .27

Write a decimal for 5.4%.
5.4% = 05.4% = .054

**A** Write a decimal for each percent.

1. 45% _____
2. 90% _____
3. 4% _____
4. 18.5% _____
5. 25% _____
6. $7\frac{3}{4}\%$ _____
7. 7.5% _____
8. 12.55% _____
9. $8\frac{1}{2}\%$ _____
10. .5% _____

**B** Write a percent for each decimal.

11. .72 _____
12. .125 _____
13. .65 _____
14. .1125 _____
15. .05 _____
16. .375 _____
17. .065 _____
18. .082 _____
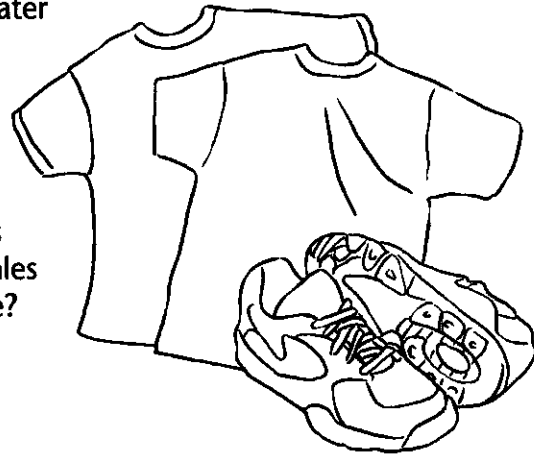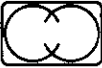19. .045 _____
20. .1265 _____

When you buy something and agree to pay for it at a later date, or make regular payments until it is paid for, you are using *credit*. The most popular form of credit is using a *credit card*.

*Example:*  Joel Raedeke purchased some items at the SeaQuest Shop. He paid for them with his credit card. The salesclerk prepared this sales receipt. What was the total purchase price?

```
4342 170 802 061                    5688289

      08/89 CV
JOEL RAEDEKE
```

| QTY | CLASS | DESCRIPTION | PRICE | AMOUNT |
|---|---|---|---|---|
| 1 | | Shorts | 12.75 | 12 75 |
| 2 | | Shirts | 10.75 | 21 50 |
| 1 | | Belt | 10.95 | 10 95 |
| | | | | |

```
403 001 487
291 105 133 3
SEAQUEST SHOP 141
```

| DATE 5/28 | AUTHORIZATION NO. | CLERK TG | DEPT. | SUB TOTAL | 45 20 |
|---|---|---|---|---|---|

Cardholder acknowledges receipt of goods and/or services in the amount of the Total shown hereon and agrees to perform the obligations set forth in the Cardholder's agreement with the issuer. — **TAX** 2 26

CUSTOMER SIGNATURE **X** *Joel Raedeke* — TOTAL

**SALES SLIP**
THIS FORM TO BE USED WITH

SAFE/PERF U.S. Pat. 4,403,793

**CUSTOMER COPY** | **IMPORTANT: RETAIN THIS COPY FOR YOUR RECORDS.**

Total purchase price  = Total sales + Sales tax

= $45.20 + $2.26

= $47.46

The total purchase price is $47.46.

**A** Compute the total sales, sales tax, and total purchase price.

| | Total Purchases | Total Sales | Sales Tax Rate | Sales Tax | Purchase Price |
|---|---|---|---|---|---|
| 1. | $17.25; $8.40 | | 5% | | |
| 2. | $48.60; $19.20 | | 5% | | |
| 3. | $128.50 | | 4% | | |
| 4. | $45.60; $27.90 | | 7% | | |
| 5. | $16.75; $90.85 | | 6% | | |
| 6. | $14.72; $8.65; $9.28 | | 5% | | |
| 7. | $285.00 | | 4% | | |
| 8. | $84.12; $103.38 | | 7% | | |
| 9. | $62.50; $19.25 | | 4% | | |
| 10. | $145.60; $82.40 | | 5% | | |

**B** Complete the sales receipts.

| QTY | CLASS | DESCRIPTION | PRICE | AMOUNT |
|---|---|---|---|---|
| | | *Stationery* | | 25 50 |
| | | *Pen and pencil* | | 18 75 |

| DATE | AUTHORIZATION NO. | CLERK | DEPT. | SUB TOTAL | |
|---|---|---|---|---|---|

Cardholder acknowledges receipt of goods and/or services in the amount of the Total shown hereon and agrees to perform the obligations set forth in the Cardholder's agreement with the issuer. — TAX

CUSTOMER SIGNATURE
X — TOTAL

11. Joan Rivera purchased some stationery and a pen and pencil set. The sales tax rate is 4%.

| QTY | CLASS | DESCRIPTION | PRICE | AMOUNT |
|---|---|---|---|---|
| 1 | | *Power saw* | | 49 95 |
| 1 | | *Power drill* | | 29 95 |

| DATE | AUTHORIZATION NO. | CLERK | DEPT. | SUB TOTAL | |
|---|---|---|---|---|---|

Cardholder acknowledges receipt of goods and/or services in the amount of the Total shown hereon and agrees to perform the obligations set forth in the Cardholder's agreement with the issuer. — TAX

CUSTOMER SIGNATURE
X — TOTAL

12. Robert Murray purchased some tools. The sales tax rate is 4%.

| QTY | CLASS | DESCRIPTION | PRICE | AMOUNT |
|---|---|---|---|---|
| 10 | | *Paint brushes* | 2.55 | 25 50 |
| 20 | | *Bottles of paint* | 1.50 | 30 00 |

| DATE | AUTHORIZATION NO. | CLERK | DEPT. | SUB TOTAL | |
|---|---|---|---|---|---|

Cardholder acknowledges receipt of goods and/or services in the amount of the Total shown hereon and agrees to perform the obligations set forth in the Cardholder's agreement with the issuer. — TAX

CUSTOMER SIGNATURE
X — TOTAL

13. Mary Upland bought art supplies. The sales tax rate is 5%.

# Finance Charges

Once a month, persons who have charge cards receive a statement of the balance due on their account. When you do not pay the full amount due, you have to pay a *finance charge.*

*Example:*   Cindy's unpaid balance from last month is $125.50. This month her purchases totaled $85.70, and she made a $50.00 payment. The finance charge was $2.25. What is the new balance on her account?

$$\boxed{\text{New balance}} = \boxed{\begin{array}{c}\text{Previous}\\\text{balance}\end{array}} + \boxed{\begin{array}{c}\text{New}\\\text{purchases}\end{array}} + \boxed{\begin{array}{c}\text{Finance}\\\text{charge}\end{array}} - \boxed{\text{Payment}}$$

$$= (\$125.50 + \$85.70 + \$2.25) - \$50.00$$
$$= \$213.45 - \$50.00$$
$$= \$163.45$$

The new balance is $163.45.

**A**  Use a calculator to find the new balance.

**1.**
Monthly Statement
    for Harry Williams
Previous balance: $175.80
New purchases: $17.60; $25.40
Finance charge: $2.15
Payment: $50.00

_____

**2.**
Monthly Statement
    for Monica Hernandez
Previous balance: $752.40
New purchases: $42.77; $34.20; $25.70
Finance charge: $18.14
Payment: $70.00

_____

**3.**
Monthly Statement
    for Latoya Wilson
Previous balance: $623.45
New purchases: $38.20; $25; $55
Finance charge: $16.23
Payment: $80.00

_____

**4.**
Monthly Statement
    for Will Jones
Previous balance: $875.20
New purchases: $27.60; $18.25; $42.60
Finance charge: $23.62
Payment: $95.00

_____

**B** Complete the table.

| | Previous Balance | New Purchases | Finance Charge | Payment | New Balance |
|---|---|---|---|---|---|
| 5. | $85.26 | $46.50 | $1.28 | $50.00 | |
| 6. | 126.40 | 86.90 | 1.85 | 75.00 | |
| 7. | 472.80 | 90.60 | 7.15 | 100.00 | |
| 8. | 91.50 | 100.75 | 1.35 | 50.00 | |
| 9. | 1,726.40 | 225.17 | 25.43 | 200.00 | |
| 10. | 75.90 | 84.28 | 1.02 | 75.00 | |
| 11. | 3,276.12 | 475.90 | 48.16 | 350.00 | |
| 12. | 876.45 | 216.80 | 13.28 | 250.00 | |
| 13. | 1,076.18 | 195.62 | 15.72 | 200.00 | |
| 14. | 612.92 | 215.60 | 9.17 | 100.00 | |
| 15. | 485.90 | 142.80 | 7.20 | 35.00 | |
| 16. | 2,072.15 | 295.76 | 30.16 | 175.00 | |

**C** Fill in the new balance for each credit statement.

17.

| Previous Balance | Purchases |
|---|---|
| $724.60 | $126.90 |

| Payment | New Balance |
|---|---|
| $150.00 | |

| Finance Charge |
|---|
| $10.40 |

18.

| Previous Balance | Purchases |
|---|---|
| $92.75 | $121.40 |

| Payment | New Balance |
|---|---|
| $75.00 | |

| Finance Charge |
|---|
| $1.37 |

19.

| Previous Balance | Purchases |
|---|---|
| $2,736.12 | $425.08 |

| Payment | New Balance |
|---|---|
| $200.00 | |

| Finance Charge |
|---|
| $40.28 |

20.

| Previous Balance | Purchases |
|---|---|
| $1,076.28 | $316.92 |

| Payment | New Balance |
|---|---|
| $450.00 | |

| Finance Charge |
|---|
| $16.27 |

# Installment Buying

Some costly items are sold on an *installment plan*. Instead of paying the full price of the item at the time of purchase, only a part of the price is paid. This is called the *down payment*. The remainder is paid in *monthly installments*. Like all credit purchasing, a *finance charge* is added to the cost of what you buy.

*Example:* Martha purchased a $425.00 television set. She had to pay 10% down and make 12 monthly installments of $35.00. What is the installment price? What is the finance charge?
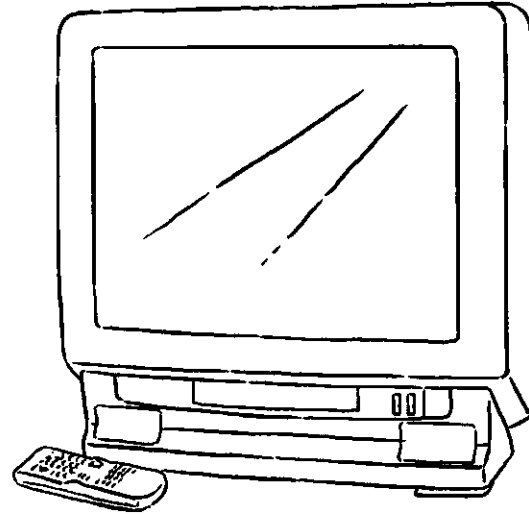
| Down payment | = | Cash price | x | % down |
|---|---|---|---|---|

$$= \$425.00 \times .10$$

$$= \$42.50$$

| Installment price | = | Down payment | + | Total installment payments |
|---|---|---|---|---|

$$= \$42.50 + (12 \times \$35.00)$$

$$= \$42.50 + \$420.00$$

$$= \$462.50$$

The installment price is $462.50.

| Finance charge | = | Installment price | – | Cash price |
|---|---|---|---|---|

$$= \$462.50 - \$425.00$$

$$= \$37.50$$

The finance charge is $37.50.

**A** Find the installment price and finance charge for each.

| | Item | Cash Price | Down Payment | No. of Payments | Monthly Installments | Installment Price | Finance Charge |
|---|---|---|---|---|---|---|---|
| 1. | Refrigerator | $575 | $60 | 12 | $55.25 | | |
| 2. | VCR | 375 | 75 | 6 | 57.20 | | |
| 3. | Color TV | 415 | 75 | 12 | 34.75 | | |
| 4. | Air conditioner | 380 | 52 | 9 | 42.00 | | |
| 5. | Rug | 750 | 100 | 18 | 40.25 | | |
| 6. | CD player | 125 | 35 | 6 | 16.75 | | |
| 7. | Lawn mower | 385 | 75 | 24 | 15.00 | | |
| 8. | Dishwasher | 425 | 125 | 12 | 29.25 | | |
| 9. | Boat | 3,500 | 500 | 36 | 95.00 | | |
| 10. | Camper | 5,000 | 900 | 48 | 97.50 | | |
| 11. | Lawn furniture | 765 | 95 | 18 | 41.20 | | |
| 12. | Camera | 295 | 50 | 6 | 49.75 | | |

**B** Find the down payment and the amount financed.

| | Item | Cash Price | Rate of Payment | Down Payment | Amount Financed |
|---|---|---|---|---|---|
| 13. | Oven | $625 | 10% | | |
| 14. | Color TV | 485 | 20% | | |
| 15. | VCR | 315 | 20% | | |
| 16. | Sewing machine | 487 | 15% | | |
| 17. | Video camera | 730 | 20% | | |
| 18. | Kitchen set | 815 | 25% | | |
| 19. | Sofa | 650 | 12% | | |
| 20. | Bed | 175 | 30% | | |

Sometimes you need to borrow money for a short time to pay taxes, make car repairs, or take a vacation. For the privilege of borrowing the money, there is a *finance charge.*

*Example:* Scott Jones plans to take a vacation to Europe. He borrows $1,500, which he plans to pay back in 6 monthly payments of $265.50. How much does he have to pay back? What is the finance charge?
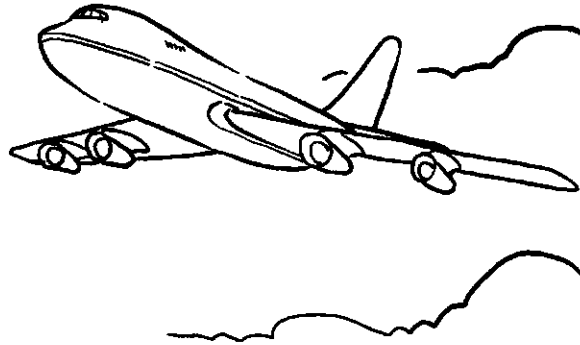
| Amount to be paid back | = | Amount of monthly payment | x | Number of months |
|---|---|---|---|---|

$$= \quad \$265.50 \times 6$$

$$= \quad \$1,593.00$$

The amount to be paid back is $1,593.00.

| Finance charge | = | Amount paid back | – | Amount borrowed |
|---|---|---|---|---|

$$= \quad \$1,593.00 - \$1,500.00$$

$$= \quad \$93.00$$

The finance charge is $93.00.

Find the amount to be repaid and the finance charge.

1. Stan Smith

   Borrowed $2,000

   Repaid: $355.20 in

   6 monthly payments

   Amount repaid? _____

   Finance charge? _____

2. Tom Foster

   Borrowed $1,750

   Repaid: $164.25 in

   12 monthly payments

   Amount repaid? _____

   Finance charge? _____

| | Purpose | Amount Borrowed | No. of Payments | Monthly Payment | Amount Repaid | Finance Charge |
|---|---|---|---|---|---|---|
| 3. | New appliance | $600 | 6 | $112.50 | | |
| 4. | Home repairs | 2,500 | 18 | 163.85 | | |
| 5. | Business loan | 1,750 | 12 | 164.70 | | |
| 6. | Hospital bill | 4,000 | 24 | 204.25 | | |
| 7. | Insurance | 850 | 12 | 79.60 | | |
| 8. | Tuition | 4,500 | 20 | 269.75 | | |
| 9. | Taxes | 3,750 | 24 | 187.50 | | |
| 10. | Car purchase | 4,800 | 36 | 173.35 | | |
| 11. | Roof repair | 3,450 | 6 | 680.65 | | |
| 12. | Vacation | 2,650 | 18 | 174.10 | | |
| 13. | Dental bill | 1,200 | 10 | 134.00 | | |
| 14. | Taxes | 6,150 | 20 | 370.50 | | |
| 15. | Car repair | 900 | 12 | 80.30 | | |

Bill Gerardi borrowed $1,750 to build a deck. A finance charge of $175 was added to the amount he had to repay. If he pays off the loan in ten monthly payments, how much is each payment?

_____

# Finding a Percent of a Number

*Rules to Remember:*

To find a percent of a number:

➤ Write a decimal or a fraction for the percent.

➤ Multiply.

*Examples:*

Find 45% of 180.   180

45% = .45        × .45     45% of 180 = 81

900

720

81.00

Find $33\frac{1}{3}$% of 279.     $\frac{1}{3} \times \frac{\overset{93}{\cancel{279}}}{1} = 93$

$33\frac{1}{3}$% = $\frac{1}{3}$       $33\frac{1}{3}$% of 279 = 93      $33\frac{1}{3} = \frac{1}{3}$

■ Find the percent.

1. 25% of 48 _____

2. 40% of 65 _____

3. 90% of 70 _____

4. 16% of 85 _____

5. 3% of 68 _____

6. 12% of 250 _____

7. 7.5% of 60 _____

8. 36% of 72.5 _____

9. 1.4% of 250 _____

10. 12.5% of 80 _____

11. $33\frac{1}{3}$% of 27 _____

12. $66\frac{2}{3}$% of 123 _____

13. 72% of 45 _____

14. 90% of 128 _____

15. 5% of 140 _____

16. 37.5% of 64 _____

17. 4.5% of 600 _____

18. 12.5% of 48 _____

# Finding Percent One Number Is of Another <span style="float:right">Skill Building</span>

*Rules to Remember:*

To find the percent one number is of another:

➤ Divide the product by the second factor.

➤ Change the decimal to a percent.

*Examples:*

Find _____ % of 60 = 36

Factor    Product

```
     .60
60)36.00
   360
     0
```

60% of 60 = 36

Find _____% of 540 = 24.3

Factor    Product

```
      .045
540)24.300
    2160
    2700
    2700
       0
```

4.5% of 540 = 24.3

■ Solve the percent problems.

1. _____% of 50 = 25

2. _____% of 24 = 18

3. _____% of 40 = 24

4. _____% of 15 = 3

5. 40 = _____% of 80

6. 25 = _____% of 100

7. _____% of 45 = 9

8. _____% of 50 = 20

9. _____% of 50 = 3

10. _____% of 64 = 16

11. 12 = _____% of 40

12. 25 = _____% of 80

13. _____% of 20 = 19

14. _____% of 9 = 2.7

15. _____% of 60 = 15

16. _____% of 72 = 36

17. _____% of 25 = 18

18. _____% of 40 = 1

19. 16 = _____% of 50

20. 40 = _____% of 75

On the side window of a new car, you will see a sticker that shows the charges for the car. The *base price* is the price for standard equipment. Extras for convenience, safety, or appearance, such as air conditioning, tinted glass, or power windows, are called *options*. The *destination charge* is the cost of shipping the car from the factory to the dealer. The price of the car is called the *sticker price*. It is the sum of the base price, options, and destination charge.
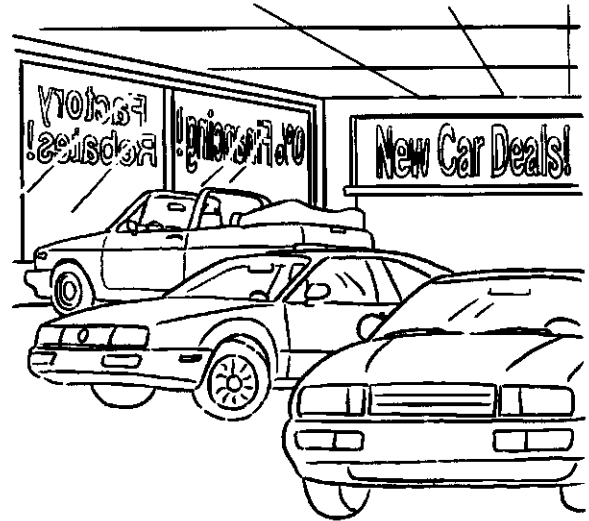
*Example:* Carol Jones is shopping for a new compact car. The sticker on one of the cars she looked at is shown below. Find the sticker price.

|  | $15,600.00 |
|---|---|
| **OPTIONS DESCRIPTION** | **List Price** |
| V-6 Engine | $550.00 |
| Automatic Transmission | 640.00 |
| Power Windows | 350.00 |
| AM/FM Stereo w/Cassette | 170.00 |
| Air Conditioning | 840.00 |
| Body Paint Stripe | 55.00 |
| DESTINATION CHARGE | 525.00 |

Total options = $550 + $640 + $350 + $170 + $840 + $55

= $2,605.00

Sticker price = Base price + Options + Destination charge

= $15,600.00 + $2,605.00 + $525.00

= $18,730.00

The sticker price is $18,730.00.

■ Find the sticker price.

1. compact car

   Base price: $13,399

   Options: $1,955

   Destination charge: $490

   Sticker price _____

2. 2-door convertible

   Base price: $18,305

   Options: $1,255

   Destination charge: $475

   Sticker price _____

3. sedan

   Base price: $15,895

   Options:

       automatic transmission, $200

       air conditioner, $830

       tinted glass, $245

   Destination charge: $530

   Sticker price _____

4. sport vehicle

   Base price: $14,400

   Options:

       AM/FM stereo, $275

       roof rack, $139

       automatic transmission, $394

       metallic paint, $173

   Destination charge: $495

   Sticker price _____

| | Base Price | Options | Destination Charge | Sticker Price |
|---|---|---|---|---|
| 5. | $11,295 | $1,975 | $240 | |
| 6. | 8,250 | 1,645 | 175 | |
| 7. | 10,495 | 2,095 | 250 | |
| 8. | 7,825 | 2,465 | 217 | |
| 9. | 8,975 | 1,900 | 315 | |
| 10. | 12,525 | 3,365 | 290 | |
| 11. | 8,105 | 1,765 | 165 | |
| 12. | 5,485 | 2,135 | 295 | |
| 13. | 8,450 | 3,150 | 200 | |
| 14. | 8,725 | 1,785 | 325 | |
| 15. | 11,275 | 4,675 | 385 | |
| 16. | 10,075 | 3,415 | 210 | |

# Buying a Used Car

New and used cars are advertised in the newspaper. The price you see in the paper is not the *total cost.* Besides the list price, the total cost includes *sales tax, title fee,* and a *license plate fee.*

*Example:* Malcolm Carter buys a used car for $4,550. The sales tax is 5% of the price of the car. The title fee is $8.00, and the license plate fee is $25.00. What is the total cost of the car?
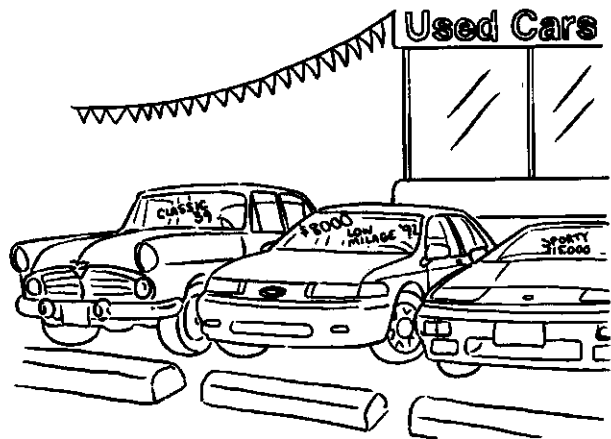
Sales tax = Price of car x Sales tax rate

$$= \$4,550 \times .05$$

$$= \$227.50$$

Total cost = Price of car + Sales tax + Title fee + License plate fee

$$= \$4,550.00 + \$227.50 + \$8.00 + \$25.00$$

$$= \$4,810.50$$

The total cost of the car is $4,810.50.

**A** Find the total cost of the car.

1. List price: $3,800

   Sales tax rate: 4%

   Title fee: $27.50

   License plate fee: $17.50

   Total cost _____

2. List price: $2,495

   Sales tax rate: 6%

   Title fee: $12.50

   License plate fee: $25.00

   Total cost _____

3. List price: $4,025

   Sales tax rate: 5%

   Title fee: $37.50

   License plate fee: $46.30

   Total cost _____

4. List price: $3,695

   Sales tax rate: 6%

   Title fee: $20.75

   License plate fee: $38.00

   Total cost _____

**B** Find the sales tax and the total cost of each used car.

| | List Price | Sales Tax Rate | Sales Tax | Title Fee | License Plate Fee | Total Cost |
|---|---|---|---|---|---|---|
| 5. | $4,000 | 5% | | $17.50 | $25.00 | |
| 6. | $1,750 | 4% | | 16.00 | 15.00 | |
| 7. | $6,500 | 5% | | 38.00 | 18.75 | |
| 8. | $4,995 | 7% | | 20.00 | 22.50 | |
| 9. | $8,650 | 6% | | 18.50 | 25.00 | |
| 10. | $3,775 | 4% | | 13.50 | 20.00 | |
| 11. | $2,500 | 5% | | 20.00 | 19.50 | |
| 12. | $7,850 | 4% | | 37.50 | 16.50 | |
| 13. | $9,500 | 6% | | 49.00 | 25.00 | |
| 14. | $1,250 | 7% | | 12.50 | 18.00 | |
| 15. | $5,995 | 4% | | 15.00 | 20.50 | |
| 16. | $12,600 | 5% | | 56.50 | 32.00 | |
| 17. | $7,695 | 6% | | 20.00 | 21.00 | |

18. Ken Smith buys a compact car listed at $4,500. The state sales tax rate is 5%. The title fee is $8.50, and the license plate fee is $17.50. In addition, the car needs a new muffler, which costs $125.50. What is the total cost of the car? _____

19. Joan Koko buys a sports car listed at $6,250. The state sales tax rate is 6%. The title fee is $7.50, and the license plate fee is $25.00. The car needs $250.00 of repairs before it can meet the state inspection requirements. What is the total cost of the car? _____

20. How much cash does Joan need if she gets a $1,750 trade-in allowance for her old car?

_____
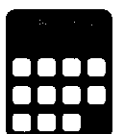
Pete paid 5% sales tax on the purchase of a used van. The amount of the tax was $195. What was the list price of the van?

_____

# Financing a Car

Most people who buy a car cannot pay the total cost at the time of purchase. *Financing* a car is similar to buying on the installment plan. A *down payment* is required. It usually consists of a *trade-in* of an old car or a cash payment, or both. The amount left to be paid is made in monthly installment payments. The sum of the down payment and the installed payments is called the *deferred-payment price.*

*Example:*   Nancy Cho is buying a new car. The sticker price is $11,500. Nancy makes a down payment of 20% and is required to make 36 monthly payments of $295.00. What is the amount to be financed? What is the deferred-payment price?

Down Payment   = Sticker price x Percent for down payment

= $11,500 x .20

= $2,300

Amount to be financed   = Sticker price – Down payment

= $11,500 – $2,300

= $9,200

The amount to be financed is $9,200.00.

Deferred-payment price = Down payment + Total installment payments

= $2,300 + (36 x $295)

= $2,300 + $10,620

= $12,920

The deferred-payment price is $12,920.

**A** Find the down payment for each car.

1. Compact car

   Sticker price:

   $10,500

   % down: 20%

   _____

2. Mid-size car

   Sticker price:

   $16,500

   % down: 25%

   _____

3. Full-size car

   Sticker price:

   $24,500

   % down: 10%

   _____

4. Janie Long's new car has a sticker price of $14,500. She makes a down payment of 15%. How much is to be financed? _____

5. Tim West bought a new car with a sticker price of $12,750. He made a down payment of $2,000 and is required to make 48 payments of $268.75. What is the deferred-payment price? _____

**B** Complete the chart below.

|  | Sticker Price | Percent Down | Down Payment | Monthly Payments | No. of Payments | Total Payments | Deferred- Payment Price |
|---|---|---|---|---|---|---|---|
| 6. | $8,700 | 20% |  | $220.50 | 36 |  |  |
| 7. | 9,250 | 10% |  | 245.60 | 40 |  |  |
| 8. | 10,500 | 15% |  | 285.10 | 36 |  |  |
| 9. | 6,900 | 20% |  | 253.00 | 24 |  |  |
| 10. | 12,350 | 25% |  | 231.55 | 48 |  |  |
| 11. | 9,500 | 10% |  | 273.15 | 36 |  |  |
| 12. | 5,750 | 15% |  | 140.50 | 40 |  |  |
| 13. | 11,200 | 20% |  | 225.00 | 48 |  |  |
| 14. | 9,800 | 18% |  | 256.70 | 36 |  |  |
| 15. | 8,500 | 15% |  | 193.40 | 40 |  |  |
| 16. | 10,000 | 24% |  | 344.40 | 24 |  |  |
| 17. | 5,800 | 10% |  | 190.00 | 30 |  |  |
| 18. | 15,600 | 30% |  | 240.00 | 48 |  |  |

Rika's new car has a sticker price of $14,560. She makes a down payment of 20% and agrees to make 36 payments of $342. How much more is the deferred-payment price than the sticker price?

_____

# Auto Insurance

In order to drive a car, you are required by law to have automobile insurance.
The *insurance policy* you receive may include these coverages:

**Liability**          Pays the cost of any injury or damage for which you are at fault.

**Collision**          Pays for damages to your car due to an accident.

**Comprehensive**          Pays for damages to your car due to fire, theft, vandalism, or acts of nature.

The annual *premium* is the amount you pay each year for the insurance.

*Example:*     Bonnie Hargett is 25 years old. The premium is $185.50 for liability
coverage, $240.60 for collision coverage, and $32.75 for
comprehensive coverage. What is the annual premium?

$$\boxed{\text{Annual premium}} = \boxed{\begin{array}{l}\text{Cost of}\\\text{liability}\end{array}} + \boxed{\begin{array}{l}\text{Cost of}\\\text{collision}\end{array}} + \boxed{\begin{array}{l}\text{Cost of}\\\text{comprehensive}\end{array}}$$

$$= \quad \$185.50 \quad + \quad \$240.60 \quad + \quad \$32.75$$
$$= \quad \$458.85$$

The annual premium is $458.85.

**A** Find the annual premium.

**1. Sally Feinstein**

Premiums:

Liability, $175.00

Collision, $185.00

Comprehensive, $25.15

Annual premium _____

**2. Jorge Cardenas**

Premiums:

Liability, $205.10

Collision, $212.50

Comprehensive, $40.25

Annual premium _____

**3. Rodney Simpson**

Premiums:

Liability, $194.00

Collision, $210.00

Comprehensive, $28.10

Annual premium _____

**4. Hanna Brown**

Premiums:

Liability, $220.30

Collision, $195.40

Comprehensive, $35.75

Annual premium _____

Insurance companies use tables such as this one to determine the premiums for liability insurance. Bodily injury limits of 15/30 means that the insurance will pay up to $15,000 to any one person injured and up to $30,000 if more than one person is injured.

| Property Damage Limits | Bodily Injury Limits | | | |
|---|---|---|---|---|
| | 15/30 | 25/100 | 50/100 | 100/300 |
| $10,000 | $90.50 | $102.00 | $105.50 | $115.75 |
| 25,000 | 95.65 | 104.50 | 112.85 | 120.15 |
| 50,000 | 99.50 | 110.75 | 115.10 | 125.90 |
| 100,000 | 105.75 | 120.40 | 131.65 | 145.95 |

**B** Use the table above to find the cost of liability insurance. Then find the annual premium.

| Coverages | | Liability | Collision | Annual Comprehensive | Premium |
|---|---|---|---|---|---|
| Prop. Dam. | Bodily Injury | | | | |
| 5. $10,000 | 25/100 | | $180.75 | $40.60 | |
| 6. 50,000 | 25/100 | | 165.90 | 25.55 | |
| 7. 25,000 | 50/100 | | 175.85 | 30.15 | |
| 8. 10,000 | 50/100 | | 195.65 | 18.95 | |
| 9. 100,000 | 50/100 | | 205.15 | 32.90 | |
| 10. 100,000 | 100/300 | | 197.50 | 40.75 | |
| 11. 50,000 | 15/30 | | 167.80 | 34.60 | |
| 12. 100,000 | 25/100 | | 210.65 | 38.65 | |
| 13. 10,000 | 50/100 | | 165.40 | 27.60 | |
| 14. 25,000 | 50/100 | | 195.75 | 41.65 | |

15. Jake's annual premium is $967.20. He pays $346 for liability coverage and $299.70 for collision coverage. How much does he pay for comprehensive coverage? _____

16. Christine's annual premium is $864.88. She pays her auto insurance in quarterly payments. How much does Christine pay each quarter? _____
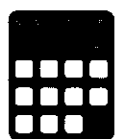
Dennis pays an annual auto insurance premium of $1,250. Twenty percent of the premium is for collision, 35 percent of the premium is for liability, and 45 percent of the premium is for comprehensive coverage. How much does Dennis pay for each coverage?

_____  _____  _____

# Depreciation

As a car gets older, its trade-in value decreases. This loss in value is called *depreciation*. The greatest depreciation occurs during the first year. This is an estimated table of depreciation:

| | |
|---|---|
| First year | 30% of original price |
| Second year | 18% of original price |
| Third year | 15% of original price |
| Fourth year | 11% of original price |
| Fifth year | 10% of original price |

*Example:* Jim Robinson bought a new car 3 years ago. He paid $12,500. What is the depreciation after 3 years? What is the estimated value of the car now?

Rate of depreciation = 30% + 18% + 15%

= 63%

Depreciation = Rate of depreciation x Original price of car

= .63 x $12,500

= $7,875.00

The depreciation is $7,875.00.

Depreciation = Original price – Depreciation

= $12,500 – $7,875

= $4,625

The estimated value of the car is $4,625.

**A** Find the amount of depreciation on a car originally priced at $8,000.

1. 1 year _____    2. 2 years _____    3. 3 years _____

4. 4 years _____    5. 5 years _____

**B** A new car costs $12,580. Find the estimated value of the car after the given number of years.

6. 1 year _____

7. 2 years _____

8. 3 years _____

9. 4 years _____

10. 5 years _____

**C** Find the depreciation and estimated value of each new car. Use the table on page 69 to find the rate of depreciation.

| | Type of Car | Original Price | Age of Car | Rate of Depreciation | Depreciation | Estimated Value |
|---|---|---|---|---|---|---|
| 11. | Van | $21,000 | 3 years | | | |
| 12. | Sports car | 25,000 | 4 years | | | |
| 13. | Compact | 12,500 | 2 years | | | |
| 14. | Full-size | 22,500 | 5 years | | | |
| 15. | Subcompact | 9,500 | 2 years | | | |
| 16. | Full-size | 23,500 | 1 year | | | |
| 17. | Sports car | 17,500 | 3 years | | | |
| 18. | Compact | 9,250 | 4 years | | | |
| 19. | Van | 22,850 | 5 years | | | |
| 20. | Subcompact | 7,650 | 1 year | | | |
| 21. | Compact | 11,500 | 2 years | | | |
| 22. | Sports car | 32,000 | 4 years | | | |
| 23. | Full-size | 24,600 | 5 years | | | |
| 24. | Van | 18,900 | 3 years | | | |
| 25. | Subcompact | 9,000 | 2 years | | | |

There are many expenses involved in driving and maintaining a car. Expenses such as gasoline, tires, and repairs are called *variable expenses*. Expenses that remain the same regardless of how much you drive, such as insurance, registration, and depreciation, are called *fixed expenses*. The cost of operating a car is usually expressed in cost per mile. To find the *cost per mile*, divide the annual variable and fixed expenses by the number of miles driven.

*Example:* Carol Jones drove 10,000 miles last year. Her variable expenses were gasoline, $688; oil, $12; new tires, $100; and repairs and maintenance, $275. The fixed expenses were insurance, $875; license, $50; and depreciation, $2,000. What was the cost per mile for Carol to drive her car?

| Variable Expenses | | Fixed Expenses | |
|---|---|---|---|
| Gasoline | $688.00 | Insurance | $875.00 |
| Oil | 12.00 | License | 50.00 |
| Tires | 100.00 | Depreciation | 2,000.00 |
| Repairs | 275.00 | Total | $2,925.00 |
| Total | $1,075.00 | | |

Cost per mile = (Variable expenses + Fixed expenses) ÷ Miles driven

= ($1,075.00 + $2,925.00) ÷ 10,000

= $4,000 ÷ 10,000

= $.40

The cost per mile to drive the car is $.40.

**A** Find the cost per mile.

1. Variable expenses: $1,400.50

   Fixed expenses: $2,500.00

   Miles driven: 12,000

   _____

2. Variable expenses: $2,200.10

   Fixed expenses: $1,800.90

   Miles driven: 7,800

   _____

3. Variable expenses: $1,900.00

   Fixed expenses: $2,300.00

   Miles driven: 11,000

   _____

4. Variable expenses: $1,400.00

   Fixed expenses: $2,800.50

   Miles driven: 9,900

   _____

**B** Find the cost of these variable expenses.

5. Alternator _____

   Oil filter _____

   8 spark plugs _____

   5 quarts of oil _____

   Total _____

6. Shock absorber _____

   Headlight _____

   3 quarts of
   transmission fluid _____

   Water pump _____

   Total _____

7. Air filter _____

   4 gallons of antifreeze _____

   Shock absorber _____

   4 quarts of oil _____

   Total _____

| Car parts/Fluids | Price |
|---|---|
| Air filter | $3.97 |
| Alternator | 54.75 |
| Antifreeze (gallon) | 5.75 |
| Headlight | 9.50 |
| Oil (quart) | 1.19 |
| Oil filter | 2.54 |
| Shock absorber | 17.65 |
| Spark plug (each) | 1.50 |
| Starter | 40.65 |
| Transmission fluid (quart) | 2.27 |
| Water pump | 24.95 |

**C** Find the cost per mile.

| | Annual Variable Expenses | Annual Fixed Expenses | Total Expenses | Miles Driven | Cost per Mile |
|---|---|---|---|---|---|
| 8. | $850.00 | $1,950.00 | | 10,000 | |
| 9. | 1,175.00 | 1,825.00 | | 12,000 | |
| 10. | 965.00 | 1,535.00 | | 8,000 | |
| 11. | 1,080.00 | 920.00 | | 12,500 | |
| 12. | 765.00 | 1,085.00 | | 9,250 | |
| 13. | 1,295.00 | 1,015.00 | | 10,000 | |
| 14. | 985.00 | 975.00 | | 12,000 | |
| 15. | 1,575.00 | 925.00 | | 15,000 | |

# Consumer Checkpoint 2

■ Solve each problem. Then circle the letter of the correct answer.

1. Wen's monthly income is $2,860. He budgets 20% for rent, 14% for car payment, and 15% for food. How much money does Wen have left for his other expenses?
   a. $2,000          b. $2,458.60          c. $2,811.00          d. $1,458.60

2. Sandy has a monthly net income of $2,460. She saves $196.80 each month. What percent of her net income does Sandy save?
   a. 8%          b. 10%          c. 4%          d. 12%

3. Tim bought a new car for $12,400. He made a 20% down payment and financed the car for 3 years. The finance charges are $890.00. How much are his monthly car payments?
   a. $413.33          b. $300.28          c. $275.56          d. $225.40

4. Mr. Gomez purchased a new car with a sticker price of $11,720. He made a 10% down payment and contracted to make 48 monthly payments of $231.75. What is the deferred-payment price?
   a. $11,951.75          b. $10,548.00          c. $12,296.00          d. $11,124

5. Joe drove 9,000 miles last year. His variable expenses were $940 and his fixed expenses were $1,460.00. What was Joe's cost per mile?
   a. $.16          b. $.27          c. $.10          d. $.22

6. At the end of the year, Pete's Pedal Place had 7 mountain bikes with a unit cost of $325.00 each; 14 bike helmets with a unit cost of $48.25 each; and 4 touring kits with a unit cost of $54.40 each, in stock. What is the value of Pete's inventory?
   a. $3,185.00          b. $31,681.00          c. $427.65          d. $3,168.10

7. Kara spent $720 on gasoline; $160 on tires; $600 on insurance; and $220 on repairs. How much did Kara spend on variable auto expenses?
   a. $1,700          b. $940          c. $880          d. $1,100

8. Tia's opening credit card balance was $394.21. She made a payment of $125.00 and purchases of $44.95, $26.40, and $16.50. The finance charge was $3.00. What is Tia's new balance?
   a. $360.06          b. $607.06          c. $357.06          d. $485.06

9. Kenji bought an $860 home entertainment system. He made a $120 down payment and 9 monthly installment payments of $89. How much finance charge did Kenji pay?
   a. $59          b. $120          c. $61          d. $179

10. Margaret borrowed $2,800 to buy a computer. She repaid the loan in 24 months by making payments of $125 each month. How much was the finance charge?
    a. $125          b. $200          c. $52.08          d. $24

# Writing Fractions in Lowest Terms

*Rules to Remember:*

To write a fraction in lowest terms:

➤ Divide the numerator and denominator by a number that will divide each without a remainder.

➤ Repeat this until the numerator and denominator cannot be divided by the same number except 1.

*Examples:*

Write $\frac{25}{40}$ in lowest terms.

$$\frac{25}{40} = \frac{25 \div 5}{40 \div 5} = \frac{5}{8} \longleftarrow \textbf{lowest terms}$$

Write $\frac{24}{60}$ in lowest terms.

$$\frac{24}{60} = \frac{24 \div 3}{60 \div 3} = \frac{8}{20} \longleftarrow \textbf{not in lowest terms}$$

$$\frac{8}{20} = \frac{8 \div 4}{20 \div 4} = \frac{2}{5} \longleftarrow \textbf{lowest terms}$$

Write these fractions in lowest terms.

1. $\frac{12}{24} =$

2. $\frac{10}{15} =$

3. $\frac{8}{12} =$

4. $\frac{20}{25} =$

5. $\frac{9}{18} =$

6. $\frac{18}{24} =$

7. $\frac{4}{16} =$

8. $\frac{10}{12} =$

9. $\frac{14}{16} =$

10. $\frac{6}{8} =$

11. $\frac{15}{25} =$

12. $\frac{6}{24} =$

13. $\frac{3}{15} =$

14. $\frac{9}{12} =$

15. $\frac{20}{32} =$

16. $\frac{14}{28} =$

17. $\frac{9}{36} =$

18. $\frac{36}{50} =$

19. $\frac{24}{32} =$

20. $\frac{50}{75} =$

21. $\frac{15}{45} =$

22. $\frac{21}{36} =$

23. $\frac{10}{25} =$

24. $\frac{9}{45} =$

25. $\frac{18}{21} =$

26. $\frac{12}{48} =$

27. $\frac{24}{72} =$

28. $\frac{18}{50} =$

29. $\frac{72}{90} =$

30. $\frac{23}{46} =$

# Writing Fractions as Percents

*Rules to Remember:*

To write a fraction as a percent:

➤ Divide the numerator by the denominator. Carry the division to two places or more.

➤ Write a percent for the decimal.

*Examples:*

Write $\frac{25}{40}$ as a percent.

$\frac{25}{40}$ means 25 ÷ 40

$$\begin{array}{r} .625 = 62.5\% \\ 40\overline{)25.000} \\ \underline{240} \\ 100 \\ \underline{80} \\ 200 \\ \underline{200} \\ 0 \end{array}$$

$\frac{25}{40} = .625 = 62.5\%$

Write $\frac{12}{18}$ as a percent.

$\frac{12}{18}$ means 12 ÷ 18

$$\begin{array}{r} .66 \frac{12}{18} = .66\frac{2}{3} = 66\frac{2}{3}\% \\ 18\overline{)12.00} \\ \underline{108} \\ 120 \\ \underline{108} \\ 12 \end{array}$$

$\frac{12}{18} = .66\frac{2}{3} = 66\frac{2}{3}\%$

■ Write a percent for each fraction.

1. $\frac{1}{2} =$  2. $\frac{3}{4} =$  3. $\frac{5}{8} =$  4. $\frac{2}{3} =$  5. $\frac{3}{5} =$

6. $\frac{9}{10} =$  7. $\frac{1}{20} =$  8. $\frac{17}{25} =$  9. $\frac{1}{3} =$  10. $\frac{7}{8} =$

11. $\frac{3}{40} =$  12. $\frac{3}{10} =$  13. $\frac{19}{20} =$  14. $\frac{9}{50} =$  15. $\frac{5}{6} =$

16. $\frac{3}{8} =$  17. $\frac{7}{25} =$  18. $\frac{5}{16} =$  19. $\frac{1}{8} =$  20. $\frac{1}{6} =$

21. $\frac{7}{10} =$  22. $\frac{25}{75} =$  23. $\frac{18}{40} =$  24. $\frac{16}{25} =$  25. $\frac{35}{50} =$

# Sales Tax

Most states have a *sales tax* on certain services and items that are purchased. The rate varies from state to state. The amount of sales tax can be computed, or it can be read from a table.

*Example:*

Tony Demarco purchased a belt priced at $19.95. The sales tax rate in his state is 6%. Find the sales tax using the chart. What is the sales tax when it is computed? What is the total cost of the belt?

| 6% SALES TAX SCHEDULE | | | | | |
|---|---|---|---|---|---|
| Transaction | Tax | Transaction | Tax | Transaction | Tax |
| .01 - .10 | .00 | 8.42 - 8.58 | .51 | 16.92 - 17.08 | 1.02 |
| .11 - .22 | .01 | 8.59 - 8.74 | .52 | 17.09 - 17.24 | 1.03 |
| .23 - .39 | .02 | 8.75  8.91 | .53 | 17.25 - 17.41 | 1.04 |
| .40 - .56 | .03 | 8.92 - 9.08 | .54 | 17.42 - 17.58 | 1.05 |
| .57 - .73 | .04 | 9.09 - 9.24 | .55 | 17.59 - 17.74 | 1.06 |
| .74 - .90 | .05 | 9.25  9.41 | .56 | 17.75 - 17.91 | 1.07 |
| .91 - 1.08 | .06 | 9.42 - 9.58 | .57 | 17.92 - 18.08 | 1.08 |
| 1.09 - 1.24 | .07 | 9.59  9.74 | .58 | 18.09 - 18.24 | 1.09 |
| 1.25 - 1.41 | .08 | 9.75 - 9.91 | .59 | 18.25 - 18.41 | 1.10 |
| 1.42 - 1.58 | .09 | 9.92 - 10.08 | .60 | 18.42 - 18.58 | 1.11 |
| 1.59 - 1.74 | .10 | 10.09 - 10.24 | .61 | 18.59 - 18.74 | 1.12 |
| 1.75 - 1.91 | .11 | 10.25 - 10.41 | .62 | 18.75 - 18.91 | 1.13 |
| 1.92 - 2.08 | .12 | 10.42 - 10.58 | .63 | 18.92 - 19.08 | 1.14 |
| 2.09 - 2.24 | .13 | 10.59 - 10.74 | .64 | 19.09 - 19.24 | 1.15 |
| 2.25 - 2.41 | .14 | 10.75 - 10.91 | .65 | 19.25 - 19.41 | 1.16 |
| 2.42 - 2.58 | .15 | 10.92 - 11.08 | .66 | 19.42 - 19.58 | 1.17 |
| 2.59 - 2.74 | .16 | 11.09 - 11.24 | .67 | 19.59 - 19.74 | 1.18 |
| 2.75 - 2.91 | .17 | 11.25 - 11.41 | .68 | 19.75 - 19.91 | 1.19 |
| 2.92 - 3.08 | .18 | 11.42 - 11.58 | .69 | 19.92 - 20.08 | 1.20 |
| 3.09 - 3.24 | .19 | 11.59 - 11.74 | .70 | 20.09 - 20.24 | 1.21 |
| 3.25 - 3.41 | .20 | 11.75 - 11.91 | .71 | 20.25 - 20.41 | 1.22 |
| 3.42 - 3.58 | .21 | 11.92 - 12.08 | .72 | 20.42 - 20.58 | 1.23 |
| 3.59 - 3.74 | .22 | 12.09 - 12.24 | .73 | 20.59 - 20.74 | 1.24 |
| 3.75 - 3.91 | .23 | 12.25 - 12.41 | .74 | 20.75 - 20.91 | 1.25 |
| 3.92 - 4.08 | .24 | 12.42 - 12.58 | .75 | 20.92 - 21.08 | 1.26 |
| 4.09 - 4.24 | .25 | 12.59 - 12.74 | .76 | 21.09 - 21.24 | 1.27 |
| 4.25 - 4.41 | .26 | 12.75 - 12.91 | .77 | 21.25 - 21.41 | 1.28 |
| 4.42 - 4.58 | .27 | 12.92 - 13.08 | .78 | 21.42 - 21.58 | 1.29 |
| 4.59 - 4.74 | .28 | 13.09 - 13.24 | .79 | 21.59 - 21.74 | 1.30 |

In the tax table, $19.95 falls in the bracket $19.92–$20.08, so the tax is $1.20.

| Sales tax | = | Tax rate | x | Price |

$$= .06 \times \$19.95$$

$$= \$1.197 \text{ (rounded to next highest cent} = \$1.20)$$

**Note: Always round up for sales tax.**

| Total cost | = | Price | + | Sales tax |

$$= \$19.95 + \$1.20$$

$$= \$21.15$$

The total cost of the belt is $21.15.

**A** Use the sales tax table to find the sales tax.

1. $.59  _____

2. $2.45  _____

3. $9.90  _____

4. $18.95  _____

5. $1.50  _____

6. $10.75  _____

**B** Use the sales tax table to find the sales tax and total cost of each item.

7. Wallet $18.95

Sales tax  _____

Total cost  _____

8. Book $10.95

Sales tax  _____

Total cost  _____

9. Bottle of soda $1.49

Sales tax  _____

Total cost  _____

10. Hat $11.99

Sales tax  _____

Total cost  _____

**C** Compute the sales tax and total cost of each item.

| Item Purchased | Selling Price | Tax Rate | Sales Tax | Total Cost |
|---|---|---|---|---|
| 11. Refrigerator | $650.00 | 5% | | |
| 12. Book | 19.95 | 6% | | |
| 13. Iron | 27.50 | 6% | | |
| 14. Bicycle | 125.00 | 4% | | |
| 15. CD | 10.95 | 4% | | |
| 16. Tires | 215.00 | 5% | | |
| 17. Swimsuit | 28.50 | 7% | | |
| 18. Used car | 4,445.00 | 6% | | |
| 19. Perfume | 43.75 | 6% | | |
| 20. Flashlight | 16.80 | 5% | | |

Hannah bought 3 magazines for $2.50 each, $17.40 worth of food, and $4.40 worth of cleaning supplies. The state tax rate is $6\frac{3}{4}\%$ on nonfood items. What is Hannah's total bill?

_____

# Real Estate Tax

People who own real estate must pay a tax based on the *assessed value* of the property. The assessed value is the value used for tax purposes. It is usually some percent of the *market value* (the selling price of the property on the open market). The real estate tax is the product of the assessed value and the *tax rate*.
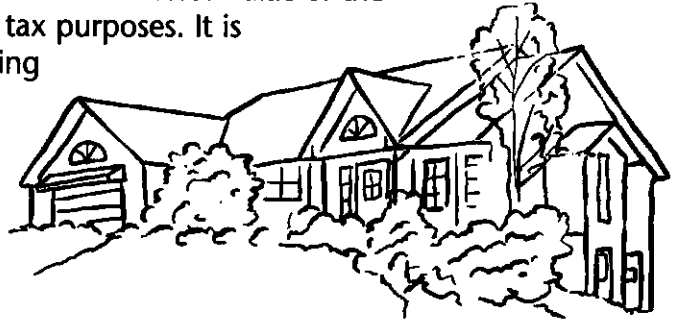
*Example:* The Yetmans' house has a market value of $85,000.00. It is assessed for 60% of the market value. The tax rate is $4.00 per $100 of assessment. What is their property tax?

Assessed value = Market value x Rate of assessment

$$= \$85,000 \times .60$$

$$= \$51,000$$

Assessed value in 100's = $51,000 ÷ 100 = 510

Property tax = Assessed value in 100s x Tax rate

$$= 510 \times \$4.00$$

$$= \$2,040$$

The real estate tax is $2,040.00.

**A** Tell how many 100s are in each.

| | | |
|---|---|---|
| 1. $4,000 _____ | 2. $25,000 _____ | 3. $78,000 _____ |
| 4. $65,800 _____ | 5. $125,000 _____ | 6. $104,500 _____ |
| 7. $90,900 _____ | 8. $250,000 _____ | 9. $82,100 _____ |
| 10. $15,400 _____ | 11. $47,000 _____ | 12. $8,700 _____ |
| 13. $225,500 _____ | 14. $32,900 _____ | 15. $28,600 _____ |
| 16. $74,700 _____ | 17. $10,900 _____ | 18. $101,100 _____ |

**B** Find the assessed value of each property.

19. Market value: $42,500
   Rate of assessment: 60% _____

20. Market value: $148,500
   Rate of assessment: 45% _____

21. Market value: $165,900
   Rate of assessment: 40% _____

22. Market value: $95,000
   Rate of assessment: 60% _____

**C** Find the property tax.

23. Assessed value: $214,500
   Tax rate: $5.00/$100 _____

24. Assessed value: $127,600
   Tax rate: $4.75/$100 _____

25. Assessed value: $42,500
   Tax rate: $6.00/$100 _____

26. Assessed value: $72,850
   Tax rate: $5.15/$100 _____

**D** Find the assessed value and property tax.

| | Market Value | Rate of Assess. | Assessed Value | Tax Rate per $100 | Property Tax |
|---|---|---|---|---|---|
| 27. | $12,500 | 75% | | $4.50 | |
| 28. | 148,000 | 45% | | 5.25 | |
| 29. | 60,000 | 60% | | 4.75 | |
| 30. | 275,000 | 50% | | 4.00 | |
| 31. | 68,500 | 60% | | 6.15 | |
| 32. | 72,800 | 55% | | 5.65 | |
| 33. | 100,000 | 65% | | 4.20 | |
| 34. | 85,000 | 50% | | 6.25 | |
| 35. | 125,000 | 40% | | 7.50 | |
| 36. | 230,000 | 45% | | 6.75 | |
| 37. | 62,000 | 30% | | 3.50 | |
| 38. | 110,000 | 48% | | 5.00 | |
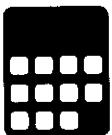
A homeowner pays a property tax of $3,000 on his home, which is
assessed at 50% of its market value. The tax rate is $5/$100. What
is the market value of the home?

_____

# Federal Income Tax, Part 1

Anyone who has taxes *withheld* from his or her pay receives a *Form W-2* in January. This form states the total earnings and federal and state taxes withheld from the last year. From this, the income tax due is computed.

*Example:*

Gross Pay

Federal Income Tax Withheld

| a Control number    22222 | Void ☐ | For Official Use Only ► OMB No. 1545-0008 | | |
|---|---|---|---|---|
| b Employer's identification number 10-000-2 | | 1 Wages, tips, other compensation 15155.34 | 2 Federal income tax withheld 1756.00 ▼ | |
| c Employer's name, address, and ZIP code United Lumber Co. 901 Timber Lane Woodville, WA 48486 | | 3 Social Security wages 15155.34 | 4 Social security tax withheld ▲1083.60 | |
| | | 5 Medicare wages and tips | 6 Medicare tax withheld | |
| | | 7 Social security tips | 8 Allocated tips | |
| d Employee's social security number 234-56-7890 | | 9 Advance EIC payment | 10 Dependent care benefits | |
| e Employee's name (first, middle initial, last) David B. Swanson | | 11 Nonqualified plans | 12 Benefits included in box 1 | |
| 4232 Plantation Avenue Salem, OR 97301 | | 13 See instrs. for box 13 | 14 Other | |
| f Employee's address and ZIP code | | 15 Statutory employee ☐   Deceased ☐   Pension plan ☐   Legal rep. ☐ | Hshld. emp. ☐   Subtotal ☐   Deferred compensation ☐ | |

| 16 State   Employer's state I.D. No. | 17 State wages, tips, etc. | 18 State income tax | 19 Locality name | 20 Local wages, tips, etc. | 21 Local income tax |
|---|---|---|---|---|---|
| OR   98-768-0 | 15155.34 | 564.35 | | | |

Form **W-2** Wage and Tax Statement   **1 9 9 6**

Cat. No. 10134D

Copy A For Social Security Administration

Department of the Treasury—Internal Revenue Service

**For Paperwork Reduction Act Notice, see separate instructions.**

State Income Tax Withheld

Social Security Tax Withheld

**A** Study the form and answer the questions.

1. How much was David's gross pay? _____

2. How much federal income tax was withheld? _____

3. What was the amount of state income tax withheld? _____

4. How much was withheld for social security tax (F.I.C.A.)? _____

The federal government taxes your income. To find the *taxable income,* first find the *adjusted gross income.* The adjusted gross income is the sum of all wages, dividends, interest, tips, and other income earned during the year.

*Example:*    Steve Hamilton earns $325.00 a week and has a yearly income from his investments of $3,627.80. What is his adjusted gross income for the year?

Yearly wages    = Weekly earnings x 52

= $325.00 x 52

= $16,900

Adjusted gross income        = Yearly wages + Investment income

= $16,900 + $3,627.80

= $20,527.80

His adjusted gross income is $20,527.80.

**B** Find the adjusted gross income for the year.

5. Weekly wage: $275

   Investment income: $3,600

   _____

6. Weekly wage: $465

   Investment income: $2,750

   _____

7. Weekly wage: $322

   Investment income: $2,800

   _____

8. Weekly wage: $237

   Investment income: $1,635

   _____

9. Monthly income: $2,450

   Part-time job: $950

   _____

10. Monthly income: $1,875

    Investment income: $5,685

    _____

11. Monthly income: $2,270

    Investment income: $3,990

    _____

12. Monthly income: $2,000

    Part-time job: $3,750

    _____

# Federal Income Tax, Part 2

To find the taxable income, first find the adjusted gross income (see page 81). The second step is to compute the amount for deductions. Deductions are allowed for such items as medical expenses, taxes paid, and contributions. The last step is to find the amount allowed for exemptions. For each exemption, $2,500 is allowed.

$$\boxed{\text{Taxable income}} = \boxed{\text{Adjusted gross income}} - \left( \boxed{\text{Deductions}} + \boxed{\text{Allowance for exemptions}} \right)$$

*Example:*   John Stone has adjusted gross income of $33,650. His allowable deductions are $4,675, and he claims 3 exemptions. What is his taxable income?

$$\boxed{\text{Taxable income}} = \boxed{\text{Adjusted gross income}} - \left( \boxed{\text{Deductions}} + \boxed{\text{Allowance for exemptions}} \right)$$

= $33,650 − ($4,675 + $7,500)  ◄—— 3 x $2,500
= $33,650 − $12,175
= $21,475

The taxable income is $21,475.

**A** Find the taxable income.

1. John Greene

   Adj. gross income: $19,650

   Deductions: $2,845

   No. of exemptions: 1

   _____

2. Mary Drew

   Adj. gross income: $28,675

   Deductions: $4,305

   No. of exemptions: 2

   _____

3. Chuck Blair

   Adj. gross income: $37,500

   Deductions: $8,615

   No. of exemptions: 5

   _____

4. Lloyd Jones

   Adj. gross income: $88,200

   Deductions: $6,745

   No. of exemptions: 4

   _____

**B** Find the amount allowed for exemptions and taxable income.

| Adjusted Gross Income | Total Deductions | No. of Exemptions | Amount Allowed for Exemptions | Taxable Income |
|---|---|---|---|---|
| 5. $26,275 | $3,826 | 2 | | |
| 6. 15,065 | 2,178 | 1 | | |
| 7. 31,640 | 4,628 | 3 | | |
| 8. 42,800 | 9,725 | 4 | | |
| 9. 25,375 | 1,200 | 3 | | |
| 10. 39,900 | 5,700 | 5 | | |
| 11. 14,290 | 3,175 | 2 | | |
| 12. 62,750 | 10,695 | 4 | | |
| 13. 85,000 | 17,695 | 6 | | |
| 14. 38,275 | 7,500 | 3 | | |
| 15. 123,712 | 15,683 | 4 | | |

16. Tom West earned $47,565 in wages and had investment income of $3,625.

    He has deductions of $4,675 and claims 5 exemptions.

    What is his taxable income? _____

17. Anita Robinson earned $32,800 in wages and had investment income of $4,750.

    She has deductions of $3,470 and claims 3 exemptions.

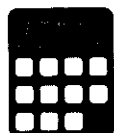    What is her taxable income? _____

18. Roberta Klohr has income of $37,650. Her husband earns an additional income of $32,395.

    They file a joint return (combined incomes) and claim $6,975 in deductions.

    They claim 5 exemptions.

    What is their taxable income? _____

Jean Anderson's taxable income is $38,000. Her deductions are
16% of her taxable income. How much are Jean's deductions?

_____

# Addition and Subtraction of Fractions

*Rules to Remember:*

To add or subtract fractions:

➤ Find the least common denominator (L.C.D.).

➤ Use the L.C.D. to write like fractions.

➤ Add or subtract numerators.

➤ Write the sum or difference over the common denominator.

➤ Write the answer in lowest terms.

*Examples:*

Add: $\dfrac{3}{4} + \dfrac{2}{3}$

L.C.D. = 12

$\dfrac{3}{4} = \dfrac{9}{12}$ ◄— $\dfrac{3}{4} \times \dfrac{3}{3}$

$+\ \dfrac{2}{3} = \dfrac{8}{12}$ ◄— $\dfrac{2}{3} \times \dfrac{4}{4}$

$\dfrac{17}{12} = 1\dfrac{5}{12}$ **lowest terms**

Subtract: $\dfrac{7}{10} - \dfrac{1}{3}$

L.C.D. = 30

$\dfrac{7}{10} = \dfrac{21}{30}$ ◄— $\dfrac{7}{10} \times \dfrac{3}{3}$

$-\ \dfrac{1}{3} = \dfrac{10}{30}$ ◄— $\dfrac{1}{3} \times \dfrac{10}{10}$

$\dfrac{11}{30}$ **lowest terms**

**A** Add. Use the L.C.D. when needed.

1. $\dfrac{1}{2} + \dfrac{3}{4} =$ _____

2. $\dfrac{2}{3} + \dfrac{1}{3} =$ _____

3. $\dfrac{5}{8} + \dfrac{1}{4} =$ _____

4. $\dfrac{5}{6} + \dfrac{1}{3} =$ _____

5. $\dfrac{3}{5} + \dfrac{1}{2} =$ _____

6. $\dfrac{7}{10} + \dfrac{1}{2} =$ _____

**B** Add. Use the L.C.D. when needed.

7.  $\frac{3}{4} + \frac{1}{8} =$ _____

8.  $\frac{2}{3} + \frac{5}{6} =$ _____

9.  $\frac{3}{4} + \frac{5}{8} =$ _____

10. $\frac{1}{2} + \frac{9}{10} =$ _____

11. $\frac{7}{8} + \frac{3}{4} =$ _____

12. $\frac{2}{3} + \frac{5}{12} =$ _____

13. $\frac{1}{8} + \frac{1}{3} =$ _____

14. $\frac{7}{8} + \frac{7}{10} =$ _____

15. $\frac{2}{3} + \frac{1}{8} =$ _____

**C** Subtract. Use the L.C.D. when needed.

16. $\frac{1}{2} - \frac{1}{4} =$ _____

17. $\frac{3}{4} - \frac{1}{2} =$ _____

18. $\frac{5}{8} - \frac{1}{2} =$ _____

19. $\frac{7}{8} - \frac{3}{4} =$ _____

20. $\frac{7}{10} - \frac{1}{5} =$ _____

21. $\frac{7}{12} - \frac{1}{2} =$ _____

22. $\frac{1}{2} - \frac{1}{6} =$ _____

23. $\frac{2}{3} - \frac{1}{4} =$ _____

24. $\frac{9}{10} - \frac{3}{5} =$ _____

25. $\frac{11}{12} - \frac{3}{4} =$ _____

26. $\frac{2}{3} - \frac{1}{3} =$ _____

27. $\frac{5}{12} - \frac{1}{4} =$ _____

28. $\frac{5}{16} - \frac{1}{4} =$ _____

29. $\frac{9}{16} - \frac{1}{2} =$ _____

30. $\frac{15}{16} - \frac{3}{4} =$ _____

31. Scott spent $\frac{3}{4}$ of an hour studying mathematics and $\frac{1}{2}$ hour doing his English assignment. How long did he spend on his homework? _____

32. Christa spent $\frac{3}{4}$ of an hour preparing for a French test and $\frac{5}{8}$ of an hour doing her social studies assignment. How much more time did she spend on her French assignment than on social studies? _____

# Certificates of Deposit

One popular way of investing money is to purchase a certificate of deposit. Certificates of deposit usually earn interest at a higher rate than a regular savings account. Certificates for amounts such as $500 or $1,000 may be purchased from a bank. The money loaned to the bank must be left on deposit for a specified time, ranging from 90 days to 8 years. Banks use computers or tables to compute the interest earned.

| AMOUNT PER $1.00 INVESTED, DAILY COMPOUNDING | | | | | | |
|---|---|---|---|---|---|---|
| ANNUAL RATE | INTEREST PERIOD | | | | | |
| | 3 MONTHS | ONE YEAR | 2.5 YEARS | 4 YEARS | 6 YEARS | 8 YEARS |
| 5.75% | 1.014278 | 1.059180 | 1.154458 | 1.258577 | 1.411952 | 1.584017 |
| 6.00% | 1.014903 | 1.061831 | 1.161820 | 1.271224 | 1.433287 | 1.616011 |
| 6.25% | 1.015529 | 1.064489 | 1.169103 | 1.283998 | 1.454945 | 1.648651 |
| 6.50% | 1.016155 | 1.067153 | 1.176431 | 1.296900 | 1.476930 | 1.681950 |
| 6.75% | 1.016782 | 1.069824 | 1.183806 | 1.309932 | 1.499246 | 1.715921 |
| 7.00% | 1.017408 | 1.072501 | 1.191226 | 1.323094 | 1.521900 | 1.750579 |
| 7.25% | 1.018036 | 1.075185 | 1.198693 | 1.336389 | 1.544896 | 1.785936 |
| 7.50% | 1.018663 | 1.077876 | 1.206207 | 1.349817 | 1.568240 | 1.822006 |
| 7.75% | 1.019291 | 1.080573 | 1.213768 | 1.363380 | 1.591936 | 1.858806 |
| 8.00% | 1.019920 | 1.083278 | 1.221376 | 1.377079 | 1.615989 | 1.896348 |

*Example:*  Karl Silex bought a certificate of deposit for $2,000. It earned interest at the annual rate of 7.5%. How much interest did he earn after 2.5 years?

| Amount at maturity | = | Original principal | x | Amount per $1.00 |
|---|---|---|---|---|

= $2,000 x 1.206207

= $2,412.41 (rounded to nearest cent)

| Interest | = | Amount at maturity | – | Original investment |
|---|---|---|---|---|

= $2,412.41 – $2,000.00

= $412.41

The interest earned was $412.41.

**A** Use the table on the opposite page to find the amount at maturity of each certificate of deposit.

1. Principal: $1,000

   Annual rate: 6.75%

   Interest period: 2.5 years

   _____

2. Principal: $2,000

   Annual rate: 7.00%

   Interest period: 4 years

   _____

3. Principal: $10,000

   Annual rate: 8.00%

   Interest period: 6 years

   _____

4. Principal: $3,500

   Annual rate: 7.75%

   Interest period: 8 years

   _____

**B** Use the table on the opposite page to find the amount at maturity. Compute the interest earned.

| | Principal | Interest Period | Annual Rate | Amount per $1.00 | Amount at Maturity | Interest |
|---|---|---|---|---|---|---|
| 5. | $500 | 4 years | 6.00% | | | |
| 6. | 1,000 | 6 years | 6.50% | | | |
| 7. | 1,500 | 3 months | 5.75% | | | |
| 8. | 2,000 | 1 year | 8.00% | | | |
| 9. | 5,000 | 8 years | 7.50% | | | |
| 10. | 2,500 | 2.5 years | 6.25% | | | |
| 11. | 1,000 | 4 years | 6.25% | | | |
| 12. | 4,000 | 3 months | 7.75% | | | |
| 13. | 2,000 | 6 years | 7.50% | | | |
| 14. | 1,500 | 8 years | 7.25% | | | |
| 15. | 5,000 | 2.5 years | 8.00% | | | |
| 16. | 6,000 | 1 year | 7.25% | | | |

# Savings Bonds

Another popular method of investing is the purchase of *savings bonds.* They are guaranteed by the federal government. One type of savings bond is the series EE bond. They can be purchased with a *face value* ranging from $50 to $10,000. The cost of the bond is 50% of its face value. The *redemption value* of the bond includes the cost of the bond plus interest for the time the holder has the bond. The redemption value is based on the redemption value of a $50 bond.

| Redemption Value of $50 Series EE Savings Bonds | |
|---|---|
| After | Redemption Value |
| 6 months | $25.50 |
| 1 year | 26.40 |
| $1\frac{1}{2}$ years | 27.22 |
| 2 years | 28.14 |
| 3 years | 30.28 |
| 4 years | 32.92 |
| 5 years | 36.12 |
| 6 years | 39.24 |
| 7 years | 42.68 |
| 8 years | 46.46 |
| 9 years | 50.64 |

*Example:* Terrence Brown bought a $300 bond and redeemed it 5 years later. What is the redemption value of the bond? How much interest did he earn?

Cost of bond = Face value x 50%

= $300 x .50

= $150

| Redemption value | = | Redemption value of $50 bond | x | Number of $50 in face value |
|---|---|---|---|---|

= $36.12 x 6   ◄────── $300 ÷ 50 = 6

= $216.72

Redemption  = Redemption value – Cost

= $216.72 – $150.00

= $66.72

The interest earned is $66.72.
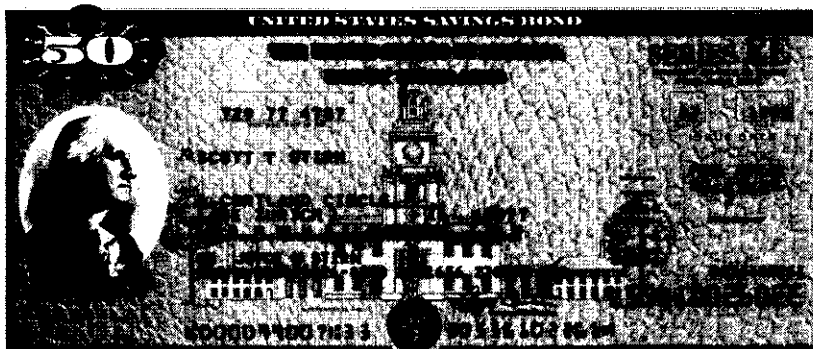
**A** Find the cost of each bond.

1. $50 _____
2. $75 _____
3. $200 _____
4. $500 _____
5. $10,000 _____

**B** Find the redemption value of each bond.

6. Face value: $150

   Time held: 3 years

   _____

7. Face value: $200

   Time held: 7 years

   _____

8. Face value: $500

   Time held: 5 years

   _____

9. Face value: $1,000

   Time held: 6 years

   _____

**C** Find the redemption value of and interest on each bond.

| | Face Value | Cost of EE Bond | Time Held | Redemption Value of $50 Bond | Redemption Value | Interest |
|---|---|---|---|---|---|---|
| 10. | $150 | | 2 years | | | |
| 11. | 200 | | 5 years | | | |
| 12. | 100 | | 6 years | | | |
| 13. | 500 | | 4 years | | | |
| 14. | 100 | | 8 years | | | |
| 15. | 1,000 | | 3 years | | | |
| 16. | 5,000 | | 5 years | | | |
| 17. | 50 | | 7 years | | | |
| 18. | 10,000 | | 6 years | | | |

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Another way to invest money is to buy *shares of stock*. When you buy shares of stock, you become part owner of the corporation issuing the stock. The amount you pay for the stock depends on the cost per share, the number of shares you buy, and the *stockbroker's commission*. Stock prices are listed daily in the newspapers.

*Example:* Sandra Banks purchased 100 shares of AMD at $20\frac{3}{4}$ per share.
The stockbroker's commission was $22.55. What was the total amount she paid for the stock?

| New York Stock Exchange | | | | | | | |
|---|---|---|---|---|---|---|---|
| Name | Div | Pe | Sales | High | Low | Last | Chg. |
| AMD | — | — | 981 | 21 | 20 | $20\frac{3}{4}$ | $-\frac{1}{4}$ |
| Ball | .82 | 17 | 210 | $43\frac{1}{4}$ | 43 | $43\frac{1}{4}$ | — |
| BaltGE | 1.90 | 10 | 785 | $30\frac{1}{2}$ | 30 | $30\frac{1}{8}$ | $+\frac{1}{8}$ |
| BkNYs | 1.68 | 8 | 491 | $41\frac{1}{2}$ | $40\frac{3}{4}$ | $41\frac{1}{2}$ | $+\frac{1}{8}$ |
| Banner | .06 | 11 | 31 | 22 | $21\frac{3}{4}$ | $21\frac{3}{4}$ | $-\frac{1}{4}$ |
| BASIX | .16 | — | 862 | $7\frac{1}{2}$ | $7\frac{3}{8}$ | $7\frac{3}{8}$ | $+\frac{1}{8}$ |
| BMC | — | — | 16 | 8 | $7\frac{1}{8}$ | 8 | — |
| Cenvill | 2.20 | 9 | 22 | $20\frac{1}{2}$ | 20 | $20\frac{1}{4}$ | $-\frac{1}{4}$ |
| ChamSp | — | — | 285 | 15 | 14 | $14\frac{3}{4}$ | $-\frac{3}{8}$ |
| Oceana | .40 | 24 | 898 | $44\frac{7}{8}$ | 44 | $44\frac{3}{4}$ | $+\frac{7}{8}$ |
| Sport All | 1.00 | 14 | 875 | $32\frac{1}{8}$ | 31 | $31\frac{1}{4}$ | $+1$ |
| Unico | .92 | 17 | 109 | $30\frac{7}{8}$ | $30\frac{1}{2}$ | $30\frac{1}{2}$ | $-\frac{3}{8}$ |
| WW Mining | 2.16 | 6 | 1923 | $39\frac{5}{8}$ | 39 | $39\frac{5}{8}$ | $+\frac{3}{8}$ |

Cost of stock = Number of shares x Cost per share

$$= 100 \times \$20.75 \longleftarrow \frac{3}{4} = .75$$

$$= \$2,075.00$$

Total amount paid = Cost of stock + Broker's commission

$$= \$2,075.00 + \$22.55$$

$$= \$2,097.55$$

The total amount paid for the stock was $2,097.55.

**A** Find the cost of these shares of stock.

1. Gail Mitchell

   Number of shares: 100

   Cost per share: $27\frac{1}{2}$

   _____

2. Mike Montoya

   Number of shares: 2,000

   Cost per share: $17\frac{3}{4}$

   _____

3. Tom McMillian

   Number of shares: 250

   Cost per share: $36\frac{1}{4}$

   _____

4. Steven Chambers

   Number of shares: 100

   Cost per share: $32\frac{7}{8}$

   _____

**B** Find the cost and total amount paid for these shares of stock. Use the last price on the chart on the opposite page for the cost per share.

| | Name of Stock | Cost per Share | Number of Shares | Cost of Stock | Stockbroker's Commission | Total Amount Paid |
|---|---|---|---|---|---|---|
| 5. | Unico | | 100 | | $35.75 | |
| 6. | BMC | | 200 | | 50.15 | |
| 7. | BaltGE | | 150 | | 45.20 | |
| 8. | Cenvill | | 400 | | 72.50 | |
| 9. | WW Mining | | 250 | | 60.85 | |
| 10. | BASIX | | 1,000 | | 120.80 | |
| 11. | Oceana | | 600 | | 85.75 | |
| 12. | Sport All | | 500 | | 75.95 | |
| 13. | ChamSp | | 1,000 | | 125.75 | |
| 14. | Ball | | 600 | | 82.50 | |
| 15. | Banner | | 2,000 | | 200.00 | |

# Stock Dividends

People who own stock receive dividends. *Dividends* are the return on your investment. If the corporation makes a profit, you receive a portion of that based on the number of shares you own. To find the *annual rate of return,* compare the dividend received to the cost of the stock.

*Example:*     Tom Foster owns 200 shares of Val Tex. He receives a dividend of $2.62 per share. What is the amount of his annual dividend? If he paid $32.75 per share, what is the rate of return on his investment?

Total annual dividend    = No. of shares x Dividend per share

                                   = 200 x $2.62

                                     = $524.00

The total annual dividend is $524.00.

Rate of return    = Annual dividend ÷ Cost per share

                         = $2.62 ÷ $32.75

                         = .08 = 8%

The annual rate of return is 8%.

**A** Find the total annual dividend for each investor.

1. Dale Cleveland

   Number of shares: 100

   Dividend per share: $1.27

   _____

2. Frank Fico

   Number of shares: 250

   Dividend per share: $1.87

   _____

3. Jim Causey

   Number of shares: 600

   Dividend per share: $2.19

   _____

4. Christa Jones

   Number of shares: 275

   Dividend per share: $1.82

   _____

**B** Find the annual rate of return for each investment.

5. ATM

Cost per share: $47.50

Annual dividend: $2.85

_____

6. TM Tech

Cost per share: $27.60

Annual dividend: $1.38

_____

7. T.E. Enterprises

Cost per share: $18.25

Annual dividend: $1.46

_____

8. AP Corp

Cost per share: $48.80

Annual dividend: $3.66

_____

**C** Find the total annual dividends and the rates of return.

| | Name of Stock | Cost per Share | Number of Shares | Dividend per Share | Total Annual Dividend | Rate of Return |
|---|---|---|---|---|---|---|
| 9. | Jetron | $12.75 | 100 | $.51 | | |
| 10. | AR Press | 36.25 | 80 | 2.90 | | |
| 11. | Pan Travel | 44.20 | 75 | 2.21 | | |
| 12. | BGT Food | 30.00 | 165 | 2.25 | | |
| 13. | Nu Way | 65.00 | 200 | 3.90 | | |
| 14. | Coastal | 125.00 | 80 | 12.50 | | |
| 15. | AMG Inc. | 85.50 | 500 | 6.84 | | |
| 16. | XLMkt | 43.60 | 350 | 1.54 | | |
| 17. | LoCo | 27.10 | 110 | 3.05 | | |
| 18. | NRail | 51.80 | 420 | 2.68 | | |
| 19. | BytCom | 87.50 | 185 | 4.12 | | |
| 20. | Star Mfg. | 38.50 | 95 | 1.07 | | |

# Consumer Checkpoint 3

■ Solve each problem. Then circle the letter of the correct answer.

1. The Buckleys' house has a market value of $210,000. It is assessed at $\frac{1}{4}$ of its market value and the tax rate is $8\frac{1}{4}$%. How much do the Buckleys pay in property tax?
   a. $17,325.00          b. $1,680.00          c. $433.12          d. $4,331.25

2. Jean purchased a jacket for $110, gloves for $16, and a pair of boots for $58. The state tax rate is 4%. What was the total cost of Jean's purchases?
   a. $191.36          b. $184.00          c. $190.00          d. $7.36

3. The Wilsons have an annual income of $44,160. They claim 4 exemptions and file a joint return. What is their taxable income?
   a. $36,160          b. $54,160          c. $34,160          d. $39,160

4. Phil purchased 75 shares of stock for $763.50. How much did he pay per share?
   a. $8.40          b. $10.18          c. $11.18          d. $12.00

5. The Bay City Investors Club purchased 300 shares of QuikGro at $13.86 per share and 50 shares of RTS at $21.00 per share. The club paid a broker's commission of $140.00. What is the total amount the club paid for the stock?
   a. $5,488          b. $4,018          c. $4,158          d. $5,348

6. Clay bought a $500 series EE bond and redeemed it after 4 years for $329.20. How much interest did Clay earn?
   a. $171.00          b. $79.20          c. $329.00          d. $200.00

7. The Safety Ski Company paid a $1.83 annual dividend per share. If an investor owned 250 shares of Safety Ski stock, how much of an annual dividend would he or she receive?
   a. $670.00          b. $457.50          c. $4,575.00          d. $45.75

8. Hope purchased a certificate of deposit for $1,000. The amount at maturity after 3 years was $1,363.38. How much interest was earned?
   a. $363.38          b. $1,090.14          c. $121.17          d. $1,363.38

9. Carrie purchased a CD for $12.99, a roll of film for $2.79, and a pair of sunglasses for $24.00. She wrote a check for $42.17. What was the sales tax rate on her purchases?
   a. 10%          b. 12%          c. 6%          d. 4%

10. Steve received a dividend of $2.12 per share on a stock he bought for $41.40 per share. Kate received a dividend of $1.80 per share on a stock she bought for $26.10 per share. Who got a higher annual rate of return? How much did he or she receive?
    a. Kate 7%          b. Steve 5%          c. Kate 4%          d. Steve 8%

# End-of-Book Test

■ Solve each problem. Then circle the letter of the correct answer.

1. Oscar earns $2,675.00 per month. His monthly deductions are $424.12. What is Oscar's annual net income?

   a. $32,100.00    b. $22,250.88    c. $ 17,189.44    d. $27,010.56

2. Veronica deposited checks for $172.41, $75.62, and $417.20 into her savings account. She also made a $53.25 cash deposit. What was her total deposit?

   a. $718.48    b. $665.23    c. $611.98    d. $728.48

3. Mr. Choi earns $600 for a 40-hour week. If he earns time and a half for overtime, what is his hourly overtime wage?

   a. $24.00    b. $7.50    c. $22.50    d. $15.00

4. Rosa's annual income is $30,000.00. She pays $5,400 in income taxes. What percentage of her income does she pay in income taxes?

   a. 6%    b. 15%    c. 18%    d. 162%

5. Bob is a salesclerk at a sports store. He worked 20 hours and earned $265.20. His hourly wage is $4.50. How much did Bob earn in commissions?

   a. $60.00    b. $200.00    c. $88.40    d. $175.20

6. Gary purchased a $8,980 boat on the installment plan. He made a 15% down payment and 12 monthly payments of $650.00. How much was the finance charge?

   a. $650    b. $1,347    c. $1,180    d. $167.00

7. Todd earns $740 weekly and has a yearly income from his investments of $12,222. What is his annual adjusted gross income?

   a. $26,258    b. $38,480    c. $21,102    d. $50,702

8. What is the cost of a $2,000 face value EE savings bond?

   a. $1,000    b. $2,000    c. $750    d. $500

9. Kevin O'Dell has an income of $41,200. He claims 4 dependents and has no allowable deductions. What is his taxable income?

   a. $31,200    b. $41,200    c. $33,200    d. $51,200

10. A realtor sold some property for $62,740. Her commission rate is $5\frac{1}{4}$%. How much commission did the realtor earn?

    a. $3,137.00    b. $3,293.85    c. $6,274.00    d. $4,293.85

11. Kiyo has $1,400 in a savings account that pays 5% annually. The interest is compounded quarterly. How much will Kiyo have in her account after 9 months?

    a. $1,405.00    b. $1,543.50    c. $1,453.16    d. $1,470.00

12. The Bakers have a monthly net income of $3,125. They have budgeted 24% of their income for rent. How much can they spend for rent?

    a. $625    b. $750    c. $700    d. $725

13. A customer makes a purchase of $44.85. The state sales tax is $6\frac{3}{4}$%. What is the total amount of the sale?

    a. $43.08    b. $26.91    c. $49.85    d. $47.88

14. During the past four months, the Winslows have spent $212, $196, $214, and $172 on utilities. What is their average expenditure for utilities?

    a. $190.00    b. $208.00    c. $198.50    d. $188.50

15. Barbara purchased a $790 video camera. She made a 15% down payment. How much was the down payment?

    a. $118.50    b. $79.00    c. $11.85    d. $84.50

16. A sports car has a base price of $16,400, options totaling $1,785, and a destination charge of $525. What is the sticker price?

    a. $18,185    b. $18,710    c. $17,660    d. $18,910

17. Jenny pays $300.00 for liability coverage, $193.40 for collision coverage, and $240.00 for comprehensive coverage. What is Jenny's annual premium for auto insurance?

    a. $1,466.80    b. $540.00    c. $733.40    d. $833.40

18. Mr. Herrera purchased a car with a sticker price of $10,430.00. He made a down payment of 20%. How much will Mr. Herrera finance?

    a. $9,086.00    b. $12,516    c. $8,344    d. $8,354

19. Wendy drove 18,000 miles last year. Her variable auto expenses were $2,200, and her fixed expenses were $3,000. What was Wendy's cost per mile?

    a. $.17    b. $.12    c. $.27    d. $.29

20. Dean owns 400 shares of stock that he purchased for $8.32 per share. He receives a dividend of $.80 per share. What is Dean's annual dividend?

    a. $320.00    b. $665.60    c. $332.80    d. $32.00

**AGS**

# Life Skills Mathematics Series

## Consumer Math
## Basic Math
## Learning to Budget
## Practical Math
## Using Fractions
## Using Money