*Would You Rather?*

**Financial Literacy**

**Unit 1 Line Master 5**

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| **Scenario A**  For $5000 in a savings account for 4 years, would you rather have:  • an annual rate of 4% simple interest, or • an annual rate of 3% compound interest? |
| **Scenario B**  For a loan of $5000 for 5 years, then you repay the loan, would you rather have:  • an annual rate of 3.25% simple interest, or • an annual rate of 2.75% compound interest? |
| **Scenario C** For a credit card debt of $5000 with an annual interest rate of 17.5% compounded monthly, would you rather pay:  • the minimum monthly amount only, or • the minimum amount plus $10, or • a fixed monthly rate of $200? |

Justify each decision.

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| **Helpful Websites**  Simple Interest Calculator: <https://www.calculatorsoup.com/calculators/financial/simple-interest-plus-principal-calculator.php>  Compound Interest Calculator: <https://www.getsmarteraboutmoney.ca/calculators/compound-interest-calculator/>  Deferred Payment Loan Calculator: <https://www.calculator.net/loan-calculator.html?c2loanamount=5000&c2loanterm=5&c2loantermmonth=0&c2interestrate=2.75&c2compound=annually&x=60&y=24&type=2#intheend>  Credit Card Payment Calculator: <https://itools-ioutils.fcac-acfc.gc.ca/CCPC-CPCC/CCPCCalc-CPCCCalc-eng.aspx> |