*Would You Rather?*

Answers

**Financial Literacy**

**Unit 1 Line Master 6a**

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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?**Simple interest: $800; Compound interest $627.54****Graphical user interface, application  Description automatically generated**<https://www.calculatorsoup.com/calculators/financial/simple-interest-plus-principal-calculator.php>Graphical user interface  Description automatically generated with medium confidence[**https://www.getsmarteraboutmoney.ca/calculators/compound-interest-calculator/**](https://www.getsmarteraboutmoney.ca/calculators/compound-interest-calculator/) |

 *Would You Rather?*

Answers (cont’d)

**Number**

**Unit 4 Line Master 6b**

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| **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?**Simple interest: $812.50****Compound interest: $726.37**<https://www.calculatorsoup.com/calculators/financial/simple-interest-plus-principal-calculator.php><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> |

 *Would You Rather?*

Answers (cont’d)

**Number**

**Unit 4 Line Master 6c**

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| **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?**Paying a fixed amount each month saves $3276.28**<https://itools-ioutils.fcac-acfc.gc.ca/CCPC-CPCC/CCPCCalc-CPCCCalc-eng.aspx> |