

## 5.1 Math 11 AW - notes

Credit Cards - when you add money to your credit card, you add to your debt.  
 \* good for short term purchases (less than 1 month)  
 - when you make a payment, you subtract from your debt

credit - able to borrow money

revolving balance - balance changes (up/down) depending on if you charge something (add) or make a payment (subtract)

finance charge - money you have to pay because you are borrowing money.

grace period - time you can borrow without being charged interest  
 - when this period is over, you must pay interest back to the time you used the credit card.

## 5.2 Loans - to be used for longer term purchases (house, car, more \$ items)

collateral - (for unsecured loan)  
 - something the bank could sell to get their money back if you don't pay.

equity - how much something is worth after the amount owed is subtracted

ex house - worth \$300,000  
owe (mortgage) 189,000

$$\text{equity} = 300\,000 - 189\,000 = 111\,000$$

RRSP loan - RRSP stands for Registered Retirement Savings Plan

- buying RRSP's give you an income tax break (\$ credit)
- make sure your interest on the loan isn't greater than your tax break!

auto loan - car companies often offer to finance a loan for you to buy a car.

- make sure the interest rate is better than you can get at a bank.

TFSA - tax free savings account

- you can save money without paying taxes on your interest

Line of Credit - revolving balance

- Can be used like a credit card, but has a lower interest rate.
- harder to get than a credit card.

overdraft - a certain amount of money that you are allowed to go in debt in your bank account.

- usually less than \$5000
- has a monthly fee + fee per transaction

home equity loan - a revolving line of credit secured by owning a home.

- increases as the value of your home increases
- interest only on amount borrowed.

#### 5.4 Sales Promotions

discount ① change % into decimal ( $\div 100$ )  
 ② multiply by amount.  
 ③ subtract from original price

ex \$500 10% discount  
 ①  $\hookrightarrow$  decimal  $\frac{10}{100} = 0.1$

②  $500 \times 0.1 = 50$

③  $500 - 50 = 450$  new price

Buy one get one free:

500 each  $\rightarrow$  buy 2  $\therefore$  \$250 each.  
 (500  $\div$  2)

