

# MATH 9

## Learning Guide #15

# Finances & Budgeting



**ACTIVITY #1**

**Name 3 financial institutions in the local area.**

1. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_

**What are some of the services they offer?**

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**What type of accounts do they provide customers? (Types of Savings, Chequing or Investment accounts)**

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**At this point, what type of account would you choose to use? Why?**

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**What type of account do you think you would use 5 years from now? Why?**

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**ACTIVITY #2**

Define the following:

Interest \_\_\_\_\_

Principal \_\_\_\_\_

Interest Rate \_\_\_\_\_

What is the Simple Interest Formula?  
\_\_\_\_\_

**QUESTION:**

How much interest would you earn in a year if you had \$5000 in an account that paid 2.75% simple interest?

Show Calculations Here:

How much interest would that be in one month?  
\_\_\_\_\_

How much interest would you earn in 5 years?  
\_\_\_\_\_

**COMPOUND INTEREST FORMULA**

Answer the same QUESTION above using the compound interest formula with interest compounded monthly.

**Amount**

rate of interest

$A = P\left(1 + \frac{r}{n}\right)^{nt}$  time in years

Principal

number of times per year, interest is compounded

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Show Calculations Here:

**ACTIVITY #3**

**What is a Budget?**

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**Define the Following:**

**Income** \_\_\_\_\_

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**Expenses** \_\_\_\_\_

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**Surplus** \_\_\_\_\_

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**Deficit** \_\_\_\_\_

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**Complete the following budget assignment on a budget sheet (below) .**

Pat, a 14 year old grade 9 student, wants to save some money to buy a car in the future. The car will cost about \$3100.00 and he has already saved \$400.

In a month Pat makes about \$200 from his job, \$40 allowance, \$1 interest and \$10 from gifts. Pat spends about \$20 in taxes, \$55 on a cell phone, \$20 on snacks, \$25 on clothes and \$50 on entertainment.

CATEGORY	MONTHLY BUDGET
Income: Paycheck, Allowance, Birthday Money, etc.	
Interest: From Savings Acct.	
<b>INCOME SUBTOTAL:</b>	
<b>EXPENSES</b>	
Taxes from paycheck	
Utilities: cell phone, xbox live	
Entertainment: movie, bowling, etc.	
Shopping: clothes, shoes, etc.	
Food: snacks, drinks, etc.	
<b>EXPENSES SUBTOTAL:</b>	
<b>NET INCOME</b>	
Income minus expenses	

<b>SHOW CALCULATIONS HERE:</b>

After completing the budget, is there a surplus or a deficit? \_\_\_\_\_ How Much? \_\_\_\_\_

How long will it take to save the \$3100. (Remember he already has saved \$400.)

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What adjustments can be made if Pat wants to purchase the car in 24 months? (Be specific with your solution(s)) \_\_\_\_\_

**ACTIVITY #4**

**“Saving for the Future” RRSP? or Tax Free Saving Account?**

**Define what a RRSP is?**

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**Define what a Tax Free Saving Account is?**

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**Define what a RESP Account is?**

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**Compare and contrast RRSP and Tax Free Saving Account & RESP.**

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**“Paying for Post Secondary (College/University)” Student Loan? or Line of Credit?**

**Define what a Student Loan is? \_\_\_\_\_**

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**Define what a Line of Credit is? \_\_\_\_\_**

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**Compare and contrast Student Loan and Line of Credit.**

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