

**CHAPTER**  
**11** **Project Recording Sheet**  
**Probability**

**Financial Planning**

Using money is one of the most important skills that you can learn. Most people think that money is only used for buying things that you need at the time. Money is also used for long-term savings or purchases such as a car or a home.

Saving or borrowing money is described as;

Principal: the money that you are saving or borrowing;

Interest: the money that you earn or must pay to borrow the money.

**Interest Earned**

Interest can be compounded at various times. The chart in your student book shows money compounded annually.

**Interest Paid**

A credit card company charges interest compounded daily.

You purchase a new stereo for \$200. Your finance charge is 19.98% per year. The minimum payment required is \$5.00.

Use the following conditions to complete the chart to see how much you actually pay for a \$200 stereo.

1. You pay only the minimum payment required.
2. You pay \$25 a month.

**Monthly Statement**

Balance	Finance Charge	Minimum Payment	Your Payment	New Balance
\$200.00				

Tip: Use your calculator. Change the percentage to a decimal. To find the monthly finance charge, multiply the balance  $\times 0.1998 \div 12$ .

What did you learn about interest rates and minimum payments?

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**Extension:** Research some “safe” investments and some “risky” investments. Watch the value of these investments for several weeks. Which type of investment do you think is better to make? Why?