

Financial Services | Assignment

Name:

Date:

This assignment is...	
Is Good to go	Needs Corrections

Make sure to show all of your work! You will be asked to make corrections if steps are not shown.

Please use the following charts for the questions in this assignment.

NORTHWEST BANK OF CANADA SERVICE PACKAGES				
	<i>Value Account</i>	<i>Self-service Account</i>	<i>Full-service Account</i>	<i>Bonus Savings Account</i>
Monthly fee	\$3.90	\$10.90 <small>Students and Youth (under 18) save 50% on the monthly fee</small>	\$24.50	No fee
Fee waived on minimum monthly balance	\$1000.00	\$1500.00	\$2000.00	
Transactions covered by monthly fee: <ul style="list-style-type: none">• cheques• withdrawals• bill payments• debit purchases• transfers to other Northwest Bank of Canada accounts	10 self-service	25 self-service	40 self-service or teller-assisted <small>No annual fee for a credit card</small>	2 debit transactions
Charge for additional transactions not covered by monthly fee	Self-service \$0.50 each Teller-assisted \$1.00 each	Self-service \$0.50 each Teller-assisted \$1.00 each	Self-service \$0.25 each	Self-service or teller-assisted \$1.25 each
Non-Northwest Bank of Canada ATM withdrawals	\$1.50 each	\$1.50 each		
Interest				Daily interest that grows with your balance
<p>TRANSACTION TYPES</p> <p><i>Self-service: Any transaction that does not require a bank teller. This includes withdrawals, deposits, cheques, money transfers, direct payment purchases, and transactions made at an ATM, by telephone, or online.</i></p> <p><i>Teller-assisted: Includes all transactions that require a teller, such as in-branch withdrawals, transfers, bill payments, and traveller's cheque and foreign currency purchases.</i></p>				

PERSONAL LOAN PAYMENT CALCULATOR: MONTHLY PAYMENT PER \$1000.00 BORROWED (INTEREST COMPOUNDED MONTHLY)					
<i>Interest rate (%)</i>	<i>Term in years</i>				
	1	2	3	4	5
3.00	84.69	42.98	29.08	22.13	17.97
3.25	84.81	43.09	29.19	22.24	18.08
3.50	84.92	43.20	29.30	22.36	18.19
3.75	85.04	43.31	29.41	22.47	18.30
4.00	85.15	43.42	29.52	22.58	18.42
4.25	85.26	43.54	29.64	22.69	18.53
4.50	85.38	43.65	29.75	22.80	18.64
4.75	85.49	43.76	29.86	22.92	18.76
5.00	85.61	43.87	29.97	23.03	18.87
5.25	85.72	43.98	30.08	23.14	18.99
5.50	85.84	44.10	30.20	23.26	19.10
5.75	85.95	44.21	30.31	23.37	19.22
6.00	86.07	44.32	30.42	23.49	19.33
6.25	86.18	44.43	30.54	23.60	19.45
6.50	86.30	44.55	30.65	23.71	19.57
6.75	86.41	44.66	30.76	23.83	19.68
7.00	86.53	44.77	30.88	23.95	19.80
7.25	86.64	44.89	30.99	24.06	19.92
7.50	86.76	45.00	31.11	24.18	20.04
7.75	86.87	45.11	31.22	24.29	20.16
8.00	86.99	45.23	31.34	24.41	20.28
8.25	87.10	45.34	31.45	24.53	20.40
8.50	87.22	45.46	31.57	24.65	20.52
8.75	87.34	45.57	31.68	24.77	20.64
9.00	87.45	45.68	31.80	24.89	20.76
9.25	87.57	45.80	31.92	25.00	20.88
9.50	87.68	45.91	32.03	25.12	21.00
9.75	87.80	46.03	32.15	25.24	21.12
10.00	87.92	46.14	32.27	25.36	21.25

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1. Below are Chantal's transactions for the past month. She currently has a Self-Service Account at the Northwest Bank of Canada.

Transaction	Description	Withdrawal	Deposit	Balance
				\$376.22
ATM	Cash	60.00		
ATM	Deposit		50.00	
ATM*	Cash(other ATM)	75.00		
Bank Card	Groceries	120.00		
Teller	Bill Payment	134.46		
Bank Card	Clothes	55.67		
ATM	Cash	40.00		
Direct Deposit	Paycheque		380.00	
Auto-Withdrawal	Car Insurance	87.00		
Teller	Bill Payment	65.23		
Bank Card	Deposit		40.00	
ATM	Rent	450.00		
Direct Deposit	Paycheque		423.00	

* denotes a different financial institution ATM use

- a) How much will Chantal pay in extra transaction fees?

- b) Complete the above chart to show her final balance.

2. Jeremy is trying to decide what account he should open at the Northwest Bank of Canada.

- He currently has \$2500.00 he can deposit into the account immediately.
- In addition to this deposit, he anticipates that he can save an additional \$300.00 a month.
- He is a student at university still.
- He regularly makes 12 payments online per month.
- He withdraws money from an ATM twice a week on average (8 times a month on average).
- He uses his bank card on average 25 times a month.
- He also uses the assistance of a teller at least 4 times a month for currency exchange.

Which would be the best account for him and why? Show any necessary calculations to support your answer.

3. You have \$3300.00 you would like to invest in an account that offers simple interest. Calculate how much the investment would be worth at each of the following rates and terms.

a) 2.25% per annum over a 3 year term

b) 3.50% per annum over a 18 month term

c) 2.75% per annum over a 220 day term.

4. Calculate the final value of a deposit of \$1250.00 invested at a rate of 3.20% per annum for 3 years, with the following compounding periods:

a) Monthly;

b) Quarterly;

c) Semi-Annually;

d) Annually;

e) What is the doubling period for the same investment?

5. Which is the better investment over a 4 year term?

- An investment that offers a rate of 2.25% per annum, compounded semi-annually
- An investment that offers a rate of 2.15% per annum, compounded quarterly
- An investment that offers a rate of 1.95% per annum, simple interest

6. Victoria's credit card company charges her an interest rate of 21.95% per annum. On her statement dated January 31st she owed a total of \$1531.52. She paid only the minimum payment, which is either 5% or \$15.00 whichever is greater. How much will she owe on her next statement day of February 28th if she does not use her credit card again before that date?

7. Frank needs to buy new appliances for his kitchen. The different payment options he has available to himself are:

- To pay cash up front in the amount of \$3541.10.
- The store payment plan of 12 monthly payments in the amount of \$300.00.
- To pay using a cash advance on his credit card. He would be charged a rate of 19.50%, and he expects that it would take him 60 days to pay it off.

The first option is not a viable option for Frank at this time. Which of the other two would result in a lower payment for the appliances?

8. Calculate the following monthly payments, the total amount paid and the finance charge for the following three loans.

a. \$2500.00 at 7.50% per annum for 3 years.

b. \$5000.00 at 3.25% per annum for 4 years.

c. \$4300.00 at 5.75% per annum for 2 years.

9. Bill wants to buy a motorcycle at a cost of \$6755. He currently has \$2575 as a down payment.

a. How much does he need to take out in a loan?

b. He can get a long at 5.25% per annum with an amortization period of 3 years. What will be his monthly payment?

c. What will be the total he pays for the loan?

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- d. If he were to take out a PayDay loan, and in 30 days is required to pay back \$4500, what yearly interest rate is he being charged?