Name:

Date:

School:

Facilitator:

6.05 Calculating Finance Charges

**To fill in the missing information in the table below, you may use the car loan calculator linked on the Task page. The loan will be for 5 years and principal will be $50,000 with 3.75% sales tax. There is no trade-in and no down payment.**

|  |  |  |  |
| --- | --- | --- | --- |
| **Bank** | **Interest Rate** | **Monthly Payment** | **Total cost of finance charge** |
| A | 3.5% |        |        |
| B | 4% |        |        |
| C | 4.5% |        |        |
| D | 5% |        |        |

**After you have completed the chart above, answer the following questions.**

1. What is the difference in the monthly payment for Bank A and Bank B?

1. What is the difference in the monthly payment for Bank C and Bank D?

1. What is the difference in the monthly payment for Bank A and Bank D?

1. What is the difference in the total cost of financing for Bank A and Bank B?

1. What is the difference in the total cost of financing for Bank C and Bank D?

1. What is the difference in the total cost of financing for Bank A and Bank D?

1. Do you feel that there is a significant amount of difference to make you go with the lowest interest rate? Explain.