Pre-Calculus 11 - VLN

Chapter 7: Financial Literacy

Lesson 4: Buying vs. Leasing

Question #1

Reference Q.20459

If you lease a car for 4 years and it depreciates in value by 15% per year, how much will it be worth when the lease it up if the orginal price is $23,599?

Question #2

Reference Q.20460

If a piece of property you are leasing depreciates in value by 4% per year, how much will it be worth when the lease it up if the orginal price is $439,000 and you lease it for 10 years?

Question #3

Reference Q.20461

You are trying to make a decision regarding purchasing a car or leasing it. If the cost of the car is $30,000, determine what the monthly payments will be based on the following options.

a.
  - Length of financing term is 60 months
  - Yearly interest of 6.7%, compounded monthly

b.
  - Length of lease is 48 months
  - Interest rate is 3%, compounded monthly
  - Depreciation value is 15% per year

Question #4

Reference Q.20462

You are trying to make a decision regarding purchasing a boat or leasing it. If the cost of the boat is $84,999, determine what the monthly payments will be based on the following options.

a.
  - Length of financing term is 96 months
  - Yearly interest of 8.9%, compounded monthly

b.
  - Length of lease is 60 months
  - Interest rate is 5.9%, compounded monthly
  - Depreciation value is 25% per year

Question #5

Reference Q.20463

You are trying to make a decision regarding purchasing a motorcycle or leasing it. If the cost of the bike is $10,000, determine what the monthly payments will be based on the following options.

a.
  - Length of financing term is 36 months
  - Yearly interest of 5.84%, compounded monthly

b.
  - Length of lease is 24 months
  - Interest rate is 4.0%, compounded monthly
  - Depreciation value is 10% per year

Question #6

Reference Q.20464

You want a brand new gaming console. The cost to buy the console is $400, which is a lot of money!! You see an advertisement that allows you to rent the console for only $19/week. If the lease term is two years. determine which is the best option - to buy or rent.

Question #7

Reference Q.20465

You want to purchase a brand new 75 inch television. The purchase price is $2000, which you don't have. You have two options and plan to pay it off in 3 years.
Option 1: Put it on your credit card that has 19.99% interest, compounded daily, and you make monthly payments.
Option 2: Use the store's rent-to-own program. In this program, you rent the television for only $55/week for three years.
Determine which option is best and how much you will save over the other option.

Question #8

Reference Q.20466

You are looking at your options for getting a new phone. You typically like to upgrade every two years and your wireless provider is offering a couple of options. Determine the total amount you pay for each option.

a. You purchase the phone, without financing, for $950 and sell it again for 25% of its value after two years.

b. You pay nothing for the phone, but you pay a $30/month rental fee. At the end of the two years, you hand back your phone and they give you a new one to either buy or continue to rent.