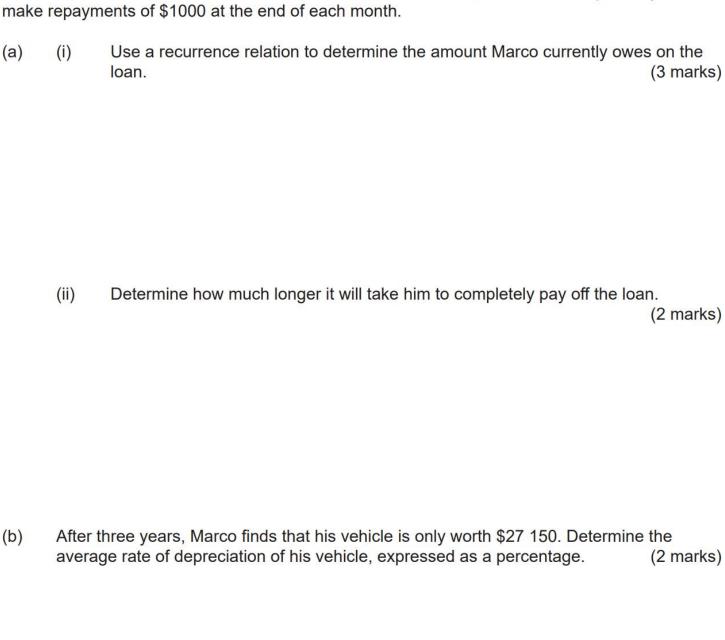
Question 14	(12 marks)
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Marco is a plumber. Three years ago, he purchased a vehicle costing \$48 000 for his business. He paid a deposit of \$5000 and acquired a personal loan for the remainder from a financial institution, at a reducible interest rate of 22.5% per annum, compounded monthly. He agreed to make repayments of \$1000 at the end of each month.



- (c) When Marco originally took out a personal loan for the purchase of his vehicle, he was given two options by the financial institution. These were:
  - · increasing his monthly repayment by \$200, or
  - taking an option of reducing the interest rate to 18.5% and maintaining repayments of \$1000 per month.

In terms of time taken to pay off the loan and total paid for his vehicle, which should he have chosen and why? (5 marks)