Quiz Questions

1, $90 today is more than $100 after a year with interest rate of 8%.

* True
* False

2. Find the value of $2000 if it was invested 2 years ago with the interest rate of 6% compounded quarterly.

$3145.26.

$2836.51

$3187.70.

$3445.26.

3.$800 invested at 9% for 8 years has more value than $1500 invested for 8 years at 5%..

True .

False.

4. $9000 invested for 10 years at 5% interest is more than $14000 invested for 10 years at 3% interest rate.

True.

False.

5. Likitha wants to buy a designer handbag and plans to earn the money from babysitting. Suppose the interest rate is 8% and she is willing to wait one year to purchase the bag. How much babysitting money will she need to earn today to buy the bag for $750 one year from now?

692.51

654.86

750

694.44

6. Chandra and Krishna both earn $550 working on their respective neighbours’ strawberry farm. Chandra puts his $550 in the piggy bank that his parents gave him to encourage him to save. Krishna puts his money in a savings account his parents set up for him. The savings account pays 5% interest. They both take their money out after 6 years. How much more money does Krishna have than Chandra?

187.05

182.03

757.03

737.05

7.Sherlyn is in the market for new car. She has narrowed her search down to 2 models. Model A costs $43,000 and Model B costs $38,000. With both cars she plans to pay cash and own them for 5 years before trading in for a new car. Her research indicates that the trade in value for Model A after 5 years is 46% of the initial purchase price, while the trade in value for Model B is 55%. The interest rate is 6%. For simplicity assume that operating and maintenance costs for the models are identical. Which model is the better decision and how much "cheaper" is it than the alternative?

Model A 5000

Model B 5000

Model A 5836.92

Model B 5836.92

8. Assume that your uncle invested $500 in your account in 1985 and you have not withdrawn money from it till today. If the fund has averaged a return of 6% annually, What is the value of the money in 2022.

5,650.04

2300.25

4318.04

3517.05.

9. At an interest rate of 8 % it is better to have $500 today than $2000 5 years later.

True.

False

10. Sai wants to buy a telescope. He estimates that it will take one year to save the money and that telescope will cost $500. At an interest rate of 5% how much does Sai need to set aside today to purchase the telescope in one year.

$400

$356.43

$468.75

$476.19

11.Akshay has $2200 that he invests in a safe financial instrument expected to return 5% annually. Nithin has $1200 that he invests in a risky venture that is expected to return 8% annually. Who has more in 15 years and how much does he have.

Nithin $3806.6

Akshay $3806.6

Nithin $4573.64

Akshay $4573.64

12Shekar has received a bonus of $45000 after successful completion of the project. He wants set it aside to pay for his daughter Kirthi’s education..Kirthi will begin her college education in 15 years and shekars financial advisor says that he can earn interest of 8% on an investment under special educational fund.How much money will Shekar have in the fund when Kirthi begins college?

$155245.35

$1221845.13

$1212453.56

$956275.35

13. Megha is in the market of new car. She has narrowed down her search to 2 models. Model A costs $24000 and model B costs $16000. With both cars she plans to own them for 5 years before trading it for new car. Her research indicate that trade in for Model A after 5 years is 47% and for model B is 36%. Megha has no emotional attachment to either of the model and wants to make strictly financial decision. The interest rate is 6%. For simplicity assume that operating and maintenance cost for both the model is identical.Which model is better and how much cheaper is it than the alternative.

Model A 3556.43

Model B 3556.43

Model A 3875.41

Model B 3875.41

14 Vinod deposits his first oaycheck in the bank. The annual rate of interest is 14%, But the interest is compounded quarterly what is the effective rate of interest.

14%

15%

14.5%

14.75%

15. Rohith began to save $5000 per year in a mutual fund when he turned 24. He is now 32 and has just made a deposit, the mutual fund has returned 6% annually. How much does rohith have in his account today.?

$45567.24

$55256.57

$57456.58

$56854.55

16. Siddarth has turned 21 now and has the access to the money his uncle has been saving since he was 4 years old. His mother asked him to guess what his account is worth given that his uncle has been saving $1800 in account starting from his 4th birth day and have just made one. The interest rate on the account has been 6.5% annually. How much is Siddarth’s account worth today.

$55245.15

$65456.25

$55338.12

$35556,63

17.Shruthi has just graduated from college and has found a job that pays her $55000 at the end of each year but the job is only for 5 years. She is not worried about it as she plans to pursue MBA after gaining 5 years of experience anyway. What is the value today of her 5 year salary assuming that interest rate is 5%?

$228155.21

$238155.22

$238121.22

$248141.22

18. Prajwal is considering for a life insuarance plan which will require him to pay $200 every year for next 25 years. He wants to ensure full payment and wants to invest a lumpsum amount in the bank to cover all future payments. How much should he deposit in the bank if the annual interest rate on the deposit is 4%.

$3124.42.

$3224.14.

$3432.14

$4500.45

19. Swathi is in the market for a new villa, and she has found a villa she likes that is selling for $600,000. The down payment on the house is 10% (the amount that the bank should require you to pay in cash) and Swathi plans to finance the remainder with a fixed rate mortgage. The annual rate is 7% and the mortgage is for 12 years, though payments are monthly. What is the interest component of Swathi’s first monthly payment.

$6453.52

$7500.53

$3150.00

$3780.55

20. Vijay goes to bank to take out a personal loan, The stated annual interest is 13% but interest is compounded seminally and he will make monthly payments what is EAR?

13%

12.5%

13.6%

13.42%