

THINK CRITICALLY

Handwrite your responses in the space below; 2 sentences each.

1. What is the difference between simple interest and compound interest?

 2. What two factors affect the time value of money?

 3. True or False? _____ An investment grows faster with compound interest than with simple interest at the same interest rate.

 4. Which of the following is NOT one of the factors used to calculate interest? _____
 - a. principal
 - b. rate
 - c. time
 - d. value

 5. The amount to which an amount of money will grow in a defined period of time at a specified investment rate is the _____
 - a. present value
 - b. current value
 - c. future value
 - d. time value

 6. True or False? _____ The time value of money can be computed using a specialized handheld financial calculator.
-

TEAMWORK

Discuss in pairs or small groups and then write your conclusions below.

7. Under the Truth in Lending Act, information on credit and finance terms must be made "clearly and conspicuously" to consumers by a business. This means that disclosures must be legible and reasonably understandable. Locate examples of credit information in newspaper and magazine ads. Discuss with your team members whether you believe the examples meet the legal requirement or not.