

1. **Your Turn**

Dan is buying a used car. He needs to choose between a three-year-old model from a dealership and his friend's six-year-old car. The details of the cars are shown in the table.

Details	Three-Year-Old Car	Six-Year-Old Car
Cost	\$15 000 + tax	\$8500 + tax
Kilometres driven	75 000	100 000
Interest rate for financing	2.9%	2.9%
Warranty	2 years left on the manufacturer's warranty (for 5 years or 100 000 km)	None

a) Calculate the total cost of each car after tax.

3 yr old                      6 yr old

$$15000 \times 1.13 = 16950$$

$$8500 \times 1.13 = 9605$$

b) Use technology to determine Dan's monthly payment if he buys the three-year-old car with a

- i) 5-year loan
- ii) 6-year loan

**Borrowing Needs**

Reason for Borrowing:

Amount to Borrow:

Would you like to use collateral to secure your lending?

Interest Rate

**Loan Options**

Repayment Term

Payment Frequency

Loan      Line of Credit

**Based on your selections, your monthly payment would be \$304.**

Interest paid over the term of the loan is \$1,279.

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*3yr old  
5yr*

Payment Frequency	Protected Payment Amount(1)	Unprotected Payment Amount(2)	Interest Cost	Interest Savings vs. Monthly Payment
<input checked="" type="radio"/> Monthly	\$ 264.88	\$ 256.78	\$ 1,537.81	\$ 0.00
<input type="radio"/> Semi-monthly	\$ 132.36	\$ 128.32	\$ 1,527.61	\$ 10.21

*3yr old  
6yr*