Unit VI Section A Test Name:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Show all work on a separate piece of paper

1. A deposit of $20,000 is made in a trust fund that pays 3.8% interest, compounded

quarterly. It is specified that the balance will be given to a charity after the money has earned interest for 40 years. How much will the charity receive?

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2. On the day of Jacob’s birth, a deposit of $20,000 is made in a trust fund paying

7.2% interest compounded monthly. How much money will be in the trust fund when Rudolph is 18 years old??? \_\_\_\_\_\_\_\_\_\_\_

When he is 21 years old? \_\_\_\_\_\_\_\_\_\_\_

When he is 30 years old? \_\_\_\_\_\_\_\_\_\_\_

3. Mary graduates from college at age 20 and immediately starts a retirement fund

at her new job. The retirement fund pays 6% interest compounded monthly. If she contributes $5,000 initially, how old will Mary be when the balance on the account reaches $15,000?

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4. How long does it take $4,000 to triple if it is invested at 7.2% interest compounded monthly?

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**Raul is considering three different job offers with a chain of department stores: an advertising director with a salary of $53,000 per year, a store manager position that pays $28 per hour and assumes a 40 hour workweek, and a sales position that pays a 7% commission on an average of $95,000 sales per month.**

5. Calculate Raul’s Gross Monthly Income

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6. Which job Should Raul accept? Explain your resoning.

**He will pay 15% federal income tax, 6.2% Social Security Tax, 1.45% Medicare Tax, and 4% state income tax.**

7. Calculate Raul’s Monthly After-Tax Income and identify which job Raul should take at this point.

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