

Unit 8 Lesson 6: Determining the APR

Objective: Use a table to find the annual percentage rate of a loan

If you know the number of **MONTHLY PAYMENTS** and the **FINANCE CHARGE PER \$100**, you can use a table (pp. 794-795) to compute the APR

Important Formulas

$$\text{Finance Charge per } \$100 = \frac{\text{Finance Charge}}{\text{Amount Financed}} \times \$100$$

$$\text{Finance Charge} = \text{Total Payback} - \text{Amount of Loan}$$

(Monthly Payment x # months of Loan)

Unit 8 Lesson 6: Determining the APR

Objective: Use a table to find the annual percentage rate of a loan

PAGE 301 Concept Check #1

$$(\$24.64 \div \$800) \times 100 = \boxed{\$3.08} \text{ Finance Charge per } \$100.$$

Now go to the table and look in all of the rows for 6 months. Find the closest number to \$3.08.

Follow that # up to the top of the column to find the APR.

10.5% APR of the Loan

Unit 8 Lesson 6: Determining the APR

Objective: Use a table to find the annual percentage rate of a loan

6	\$ 1.32	\$ 1.39	\$ 1.46	\$ 1.54	\$ 1.61	\$ 1.68	\$ 1.76	\$ 1.83	\$ 1.90	\$ 1.98
12	2.45	2.59	2.73	2.87	3.00	3.14	3.28	3.42	3.56	3.69
18	3.60	3.80	4.00	4.21	4.41	4.61	4.82	5.02	5.22	5.43
24	4.75	5.02	5.29	5.56	5.83	6.10	6.37	6.64	6.91	7.18
30	5.92	6.25	6.59	6.92	7.26	7.60	7.94	8.28	8.61	8.96
36	7.09	7.49	7.90	8.30	8.71	9.11	9.52	9.93	10.34	10.75
42	8.27	8.74	9.21	9.69	10.16	10.64	11.12	11.60	12.08	12.56
48	9.46	10.00	10.54	11.09	11.63	12.18	12.73	13.28	13.83	14.39
54	10.65	11.26	11.88	12.49	13.11	13.73	14.36	14.98	15.61	16.23
60	11.86	12.54	13.23	13.92	14.61	15.30	16.00	16.70	17.40	18.10
	7.00%	7.25%	7.50%	7.75%	8.00%	8.25%	8.50%	8.75%	9.00%	9.25%
6	\$ 2.05	\$ 2.13	\$ 2.20	\$ 2.27	\$ 2.35	\$ 2.42	\$ 2.49	\$ 2.57	\$ 2.64	\$ 2.72
12	3.83	3.97	4.11	4.25	4.39	4.52	4.66	4.80	4.94	5.08
18	5.63	5.84	6.04	6.25	6.45	6.66	6.86	7.07	7.28	7.48
24	7.45	7.73	8.00	8.27	8.55	8.82	9.09	9.37	9.64	9.92
30	9.30	9.64	9.98	10.32	10.66	11.01	11.35	11.70	12.04	12.39
36	11.16	11.57	11.98	12.40	12.81	13.23	13.64	14.06	14.48	14.90
42	13.04	13.52	14.01	14.50	14.98	15.47	15.96	16.45	16.95	17.44
48	14.94	15.50	16.06	16.62	17.18	17.75	18.31	18.88	19.45	20.02
54	16.86	17.50	18.13	18.77	19.41	20.05	20.69	21.34	21.98	22.63
60	18.81	19.52	20.23	20.94	21.66	22.38	23.10	23.82	24.55	25.28
	9.50%	9.75%	10.00%	10.25%	10.50%	10.75%	11.00%	11.25%	11.50%	11.75%
6	\$ 2.79	\$ 2.86	\$ 2.94	\$ 3.01	\$ 3.08	\$ 3.16	\$ 3.23	\$ 3.31	\$ 3.38	\$ 3.45
12	5.22	5.36	5.50	5.64	5.78	5.92	6.06	6.20	6.34	6.48
18	7.69	7.90	8.10	8.31	8.52	8.73	8.93	9.14	9.35	9.56

Unit 8 Lesson 6: Determining the APR

Objective: Use a table to find the annual percentage rate of a loan

Page 301 : #2

$$\$96.22 \div \$850 \times 100 = \$11.32$$

APR is 10.5%

#3 $\$186 \times 24 - \$4000 = \$464$ ^{F.C.}

$\$464 \div 4000 \times 100 = \11.60 [look in 24 month rows to find closest to 11.60]

APR is 10.75%

Unit 8 Lesson 6: Determining the APR

Objective: Use a table to find the annual percentage rate of a loan

60	11.86	12.54	13.23	13.92	14.61	15.30	16.00	16.70	17.40	18.10
	7.00%	7.25%	7.50%	7.75%	8.00%	8.25%	8.50%	8.75%	9.00%	9.25%
6	\$ 2.05	\$ 2.13	\$ 2.20	\$ 2.27	\$ 2.35	\$ 2.42	\$ 2.49	\$ 2.57	\$ 2.64	\$ 2.72
12	3.83	3.97	4.11	4.25	4.39	4.52	4.66	4.80	4.94	5.08
18	5.63	5.84	6.04	6.25	6.45	6.66	6.86	7.07	7.28	7.48
24	7.45	7.73	8.00	8.27	8.55	8.82	9.09	9.37	9.64	9.92
30	9.30	9.64	9.98	10.32	10.66	11.01	11.35	11.70	12.04	12.39
36	11.16	11.57	11.98	12.40	12.81	13.23	13.64	14.06	14.48	14.90
42	13.04	13.52	14.01	14.50	14.98	15.47	15.96	16.45	16.95	17.44
48	14.94	15.50	16.06	16.62	17.18	17.75	18.31	18.88	19.45	20.02
54	16.86	17.50	18.13	18.77	19.41	20.05	20.69	21.34	21.98	22.63
60	18.81	19.52	20.23	20.94	21.66	22.38	23.10	23.82	24.55	25.28
	9.50%	9.75%	10.00%	10.25%	10.50%	10.75%	11.00%	11.25%	11.50%	11.75%
6	\$ 2.79	\$ 2.86	\$ 2.94	\$ 3.01	\$ 3.08	\$ 3.16	\$ 3.23	\$ 3.31	\$ 3.38	\$ 3.45
12	5.22	5.36	5.50	5.64	5.78	5.92	6.06	6.20	6.34	6.48
18	7.69	7.90	8.10	8.31	8.52	8.73	8.93	9.14	9.35	9.56
24	10.19	10.47	10.75	11.02	11.30	11.58	11.86	12.14	12.42	12.70
30	12.74	13.09	13.43	13.78	14.13	14.48	14.83	15.19	15.54	15.89
36	15.32	15.74	16.16	16.58	17.01	17.43	17.86	18.29	18.71	19.14
42	17.94	18.43	18.93	19.43	19.93	20.43	20.93	21.44	21.94	22.45
48	20.59	21.16	21.74	22.32	22.90	23.48	24.06	24.64	25.23	25.81
54	23.28	23.94	24.59	25.25	25.91	26.57	27.23	27.90	28.56	29.23
60	26.01	26.75	27.48	28.22	28.96	29.71	30.45	31.20	31.95	32.71

Unit 8 Lesson 6: Determining the APR

Objective: Use a table to find the annual percentage rate of a loan

Example: Installment loan of \$7,200.

Monthly Payments: 36

Finance charge of \$1,008

What is the APR?

$$\$1,008 \div 7200 \times 100 = 14.00$$

8.75% APR

	11.86	12.54	13.23	13.92	14.61	15.30	16.00	16.70	17.40	18.10
	7.00%	7.25%	7.50%	7.75%	8.00%	8.25%	8.50%	8.75%	9.00%	9.25%
6	\$ 2.05	\$ 2.13	\$ 2.20	\$ 2.27	\$ 2.35	\$ 2.42	\$ 2.49	\$ 2.57	\$ 2.64	\$ 2.72
12	3.83	3.97	4.11	4.25	4.39	4.52	4.66	4.80	4.94	5.08
18	5.63	5.84	6.04	6.25	6.45	6.66	6.86	7.07	7.28	7.48
24	7.45	7.73	8.00	8.27	8.55	8.82	9.09	9.37	9.64	9.92
30	9.30	9.64	9.98	10.32	10.66	11.01	11.35	11.70	12.04	12.39
36	11.16	11.57	11.98	12.40	12.81	13.23	13.64	14.06	14.48	14.90
42	13.04	13.52	14.01	14.50	14.98	15.47	15.96	16.45	16.95	17.44
48	14.94	15.50	16.06	16.62	17.18	17.75	18.31	18.88	19.45	20.02
54	16.86	17.50	18.13	18.77	19.41	20.05	20.69	21.34	21.98	22.63
60	18.81	19.52	20.23	20.94	21.66	22.38	23.10	23.82	24.55	25.28

Unit 8 Lesson 6: Determining the APR

Objective: Use a table to find the annual percentage rate of a loan

Example: Ahmad Abdul took out an 18-month installment loan for \$3,600. The finance charge was \$450. What is the APR?

[Use the tables from pp. 794-795]

$$\$450 \div 3600 \times 100 = 12.50$$

APR 15.25%

Example: Aaron Russell took out an installment loan for \$13,600 to purchase a used car. The bank will loan him the money for 30 months at \$502 per month.

What is the APR?

[Use the tables from pp. 794-795]

$$\$502 \times 30 - 13,600 = \text{\$1,460.00 F.C.}$$

$$\$1460 \div 13,600 \times 100 = 10.74 \rightarrow$$

30 months

APR is 8%