

172 Chapter 3 Annuities (annuities certain)

3.14 PROBLEMS, CHAPTER 3

(3.0) Chapter 3 writing problems

- (1) [following Section(3.1)] Find examples of real life annuities, and describe them using the vocabulary of Section (3.1). As a starting point, consider consumer loans, retirement plans, insurance payments, security holdings, and lottery winnings.
- (2) [following Section (3.2)] Learn from a car dealer and from at least one bank or other financial institution what financing would be available on a specific model car (after you have priced the car, bargaining if possible). Describe your experiences, mentioning how credit worthiness must be established and what down payments are needed. Be sure to include the loan amount, payment periods (probably monthly), duration of the loan, and annual effective rate for each possibility you describe.
- (3) [following Section (3.2)] Talk to one or more mortgage officers, and learn about what is needed to qualify for a mortgage on a home. Ask about income requirements and down payment requirements. Learn what closing costs there will be, and which of these can be rolled into your loan as opposed to being paid upfront. Your monthly payments will of course include payments based on the total of the loan amount but ask for all other payments that will be made through an escrow account. Ask under what conditions (say a higher down payment) an escrow account can be avoided. Now write a newspaper column for potential homeowners, educating them about what you have learned.
- (4) [following Section (3.6)] Discuss usages of the words “prospective” and “retrospective” in the English language. Give examples of other words with the same roots.