

# Task Title: Interest

OALCF Cover Sheet – Practitioner Copy

**Learner Name:**

**Date Started (m/d/yyyy):
Date Completed (m/d/yyyy):
Successful Completion:**  Yes ☐ No ☐

|  |  |  |
| --- | --- | --- |
| **Goal Path:** | Employment ☐ | Apprenticeship ☐ |
| Secondary School ☐ | Post Secondary ☐ | Independence ☒ |

 **Task Description:** Read online article on interest and demonstrate
 comprehension.

**Competency:** A: Find and Use Information

 C: Understand and Use Numbers

 D: Use Digital Technology

**Task Groups:** A1: Read continuous text

 C1: Manage Money

 D: Use Digital Technology

**Level Indicators:**

* A1.1: Read brief texts to locate specific details
* A1.2: Read texts to locate and connect ideas and information
* C1.2: Make low level inferences to calculate costs and expenses that
 may include rates such as taxes and discounts
* D1: Perform simple digital tasks according to a set procedure

**Performance Descriptors:** See chart on last page

**Materials Required:**

* Pencil, eraser and calculator (decision of instructor)
* Computer with internet access

# Learner Information

Almost all loans and credit charge interest. There are different types of interest. Look at http://www.moneyhabits.com/types\_of\_interest.htm (link last reviewed 07/05/21).

# Work Sheet

**Task 1: What is the definition of interest?**

Answer:

**Task 2: In a fixed interest rate loan of $1000 with an interest of
 5% per year, how much in total would a borrower need to
 pay back in 1 year?**

Answer:

 **Task 3: What is the attraction to a variable rate interest loan?**Answer:

**Task 4: What happens in a variable interest rate loan if the market
 interest rates rise?**

Answer:

 **Task 5: What is the definition of Compound Interest?**

Answer:

**Task 6: In the Example of Simple vs Compound Interest calculate
 the difference between the two types of interest.**

Answer:

  **Task 7: A customer takes out a compound interest loan for $2750
 for 2 years at 10%. Calculate the interest the customer will
 pay.**

Answer:

**Notes for Practitioners/Facilitators:**

Almost all loans and credit charge interest. There are different types of interest. Look at http://www.moneyhabits.com/types\_of\_interest.htm (link last reviewed 07/05/21).

# Answers

**Task 1:** What is the definition of interest?

**Answer: Interest is the cost of borrowing money.**

**Task 2:** In a fixed interest rate loan of $1000 with an interest of 5% per year, how much in total would a borrower need to pay back in 1 year?

**Answer: $1050**

**Task 3:** What is the attraction to a variable rate interest loan?

**Answer: The attraction is that you can benefit from any future drop
 in market interest rates.**

**Task 4:** What happens in a variable interest rate loan if the market
 interest rates rise?

**Answer: If the market decides it’s time for interest rates to rise, so
 too will your repayments.**

**Task 5:** What is the definition of Compound Interest?

**Answer: Compound interest relates to charges the borrower must
 pay not just on the principal amount borrowed, but also
 on any interest outstanding at that point in time.**

**Task 6:** In the Example of Simple vs Compound Interest calculate the difference between the two types of interest.

**Answer: 1210 – 1200 = $10.00**

**Task 7:** A customer takes out a compound interest loan for $2750 for 2 years at 10%. Calculate the interest the customer will pay.

**Answer: 1st year 2750 x 1 yr x 10% = 275.00**

**2nd year 2750 + 275 = 3025**

**3025 x 1 yr x 10% = 302.50**

 **275.00 + 302.50 = $577.50**

# Performance Descriptors

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Levels | Performance Descriptors | Needs Work | Completes task with support from practitioner | Completes task independently |
| A1.1 | reads short texts to locate a single piece of information |  |  |  |
| A1.2 | scans text to locate information |  |  |  |
| A1.2 | locates multiple pieces of information in simple texts |  |  |  |
| A1.2 | makes low-level inferences |  |  |  |
| A1.2 | reads more complex texts to locate a single piece of information |  |  |  |
| A1.2 | obtains information from detailed reading |  |  |  |
| C1.2 | calculates using numbers expressed as whole numbers, fractions, decimals, percentages and integers |  |  |  |
| C1.2 | calculates percentages |  |  |  |
| C1.2 | chooses and performs required operation(s); may make inferences to identify required operation(s) |  |  |  |
| C1.2 | selects appropriate steps to reach solutions |  |  |  |
| C1.2 | represents costs and rates using monetary symbols, decimals and percentages |  |  |  |
| C1.2 | uses strategies to check accuracy (e.g. estimating, using a calculator, repeating a calculation, using the reverse operation) |  |  |  |
| D.1 | scope of task is limited |  |  |  |
| D.1 | requires the use of a limited range of features and options |  |  |  |
| D.1 | has a set procedure |  |  |  |
| D.1 | has a highly specific purpose |  |  |  |

This task:

Was successfully completed ☐ Needs to be tried again ☐

Learner Comments:

Instructor (print):

