

## MIXED REVIEW

1. At \$8.50 per hour, how much does Nancy earn for 26.5 hours of work?
2. If you earn a commission of 3% on sales up to \$80,000 and 5% on sales over \$80,000, what is your commission on sales of \$96,000?
3. Norma Torres is paid a base salary of \$375 a month and a commission of 9%. Find her monthly earnings if her total sales are \$8700.
4. Jeremy works from 3:00 P.M. until 6:30 P.M., five days a week. How many hours does he work a week?
5. Sarah's checking account pays interest of 0.35% a month and charges 6 cents per check. What is the charge to her account if her monthly balance is \$235 and she writes 17 checks?
6. Find the balance for a checking account after the following transactions are made: initial balance, \$260.50; check written for \$76.45; check written for \$19.87; deposit, \$35.00.
7. For most employees, the FICA tax is 7.65%, which includes a 6.2% tax for Social Security. The remainder of the tax is for Medicare. What is the Medicare tax on Basilio's gross weekly income of \$300?
8. For most employees, the FICA tax is 7.65%, which includes a 6.2% tax for Social Security. The remainder of the tax is for Medicare. What is the Medicare tax on Tricia's gross monthly income of \$2900?
9. Find the balance for a checking account after the following transactions are made: initial balance \$549.13; check written for \$137.58; check written for \$89.60; check written for \$111.25; deposit, \$100.00; ATM withdrawal, \$60.00.
10. Enid has a balance of \$1235.54 in her check register. The balance on her bank statement is \$689.66. Not reported on her bank statement are a deposit for \$575, a transfer from her savings account for \$250, and two checks for \$195.00 and \$437.85. She forgot to record two ATM withdrawals of \$150 and \$200 in her check register. She also needs to record the service charge of \$3.73 in her check register. What should the balance be in her check register after she reconciles her account?
11. Pete has a balance of \$99.10 in his check register. The balance on his bank statement is \$432.51. Not reported on his bank statement are two checks for \$325.50 and \$22.25, an ATM withdrawal for \$200.00 and a deposit for \$155. He had forgotten to record in his check register a transfer payment to his credit card for \$60. He had also not recorded the interest earned of \$0.66. What should the balance be in his check register after he reconciles his account?
12. Ernestine sells real estate. This month she sold a house for \$375,000. The commission was 5% but she only received one-third of the commission because she had to split the commission with two other agents. What was her commission?

## CHAPTER 2 REVIEW

- Find the interest for one month on \$120 at 0.35% interest per month.
- A bank pays interest of 0.45% per month and charges a finance fee of \$4 on accounts with balances of less than \$500. Find the total payment or charge for an account with a balance of \$467.
- If you had \$487.51 in the bank and paid someone \$63.94 by check, what would be your new bank balance?
- Give three reasons why the balance on a bank statement might be different from the balance in your check register.
- The Ridgewood Savings Bank pays 0.65% monthly interest and charges \$0.10 per check. The Second National Bank pays 0.35% monthly interest and charges \$0.04 per check. Write equations for the monthly charge and payment at each bank for a balance of \$1000 but an unknown number of checks. Graph the equations using a graphing calculator. Use the graph to find the number of checks for which each bank is more economical.
- The cost of Presto+ checks is \$0.0225 per check. There is an additional charge of \$0.15 for each check over 20. No service charge is charged for beginning balances of \$500 and above; \$5.00 is charged for beginning balances below \$500. Interest of 0.45% per month is paid on the beginning balance. Copy and complete the chart.

	Beginning Balance	Number of Checks	Cost of Checks	Extra Charges	Service Charge	Interest Earned	New Balance
a.	\$ 500	20					
b.	1000	10					
c.	600	16					
d.	400	24					
e.	300	30					
f.	100	32					

- Find the new balance at the end of each transaction. The beginning balance is \$0.00.

Date	Check No.	Check/Deposit	Amount	Balance
2-17		Deposit	\$455.78	
2-18	405	Ravine Variety	85.95	
2-18	406	Power & Light	38.53	
2-18	407	Douglas Water	7.45	
2-19	408	Folly Gasoline	14.76	
2-20	409	Folly Service Station	53.90	
2-20		Deposit	104.88	
2-21	410	Bay Oil Company	16.28	

8. Reconcile the bank statement and check register summarized below.

BANK STATEMENT			
Date	Transaction	Amount	New Balance
6-11	Balance forward	\$400.00	\$400.00
6-12	ATM cash withdrawal	50.00	350.00
6-12	Check #435	19.37	330.63
6-14	Check #437	35.00	295.63
6-17	Check #436	40.55	255.08
6-19	Deposit	50.00	305.08
6-19	ATM cash withdrawal	25.00	280.08
6-21	Check #439	11.16	268.92
6-22	Check #438	1.00	267.92
6-25	Service charge	5.00	262.92
6-26	Check #440	85.25	177.67
6-26	ATM cash withdrawal	80.00	97.67
6-27	ATM transfer payment	50.00	47.67

CHECK REGISTER			
Date	Transaction	Amount	New Balance
6-05	Balance forward	\$400.00	\$400.00
6-11	Check #435	19.37	380.63
6-12	ATM cash	50.00	330.63
6-12	Check #436	40.55	290.08
6-13	Check #437	35.00	255.08
6-14	Check #438	1.00	254.08
6-15	Check #439	11.16	242.92
6-19	ATM cash	25.00	217.92
6-19	Deposit	50.00	267.92
6-29	Deposit	40.00	307.92

9. Set up a spreadsheet to calculate charges and new balances for the checking account described in Exercise 6. Find the interest earned and new balance for the following: \$155, 11 checks; \$278, 17 checks; \$505, 21 checks; \$789, 27 checks.

10. Write a restrictive endorsement as you would to deposit a check in the bank.

## CHAPTER 2 TEST

1. The cost of Presto+ checks is \$0.0225 per check. There is an additional charge of \$0.15 for each check over 20. No service charge is charged for beginning balances of \$500 and above; \$5.00 is charged for beginning balances below \$500. Interest of 0.45% per month is paid on the beginning balance. Copy the chart, and complete it using the information given.

	Beginning Balance	Number of Checks	Cost of Checks	Extra Charges	Service Charge	Interest Earned	New Balance
a.	\$ 400	20					
b.	150	20					
c.	1000	32					

2. Find the new balance at the end of each transaction.

Date	Check No.	Check/Deposit	Amount	Balance
4-15		Deposit	\$1214.85	
4-15	415	VISA	101.97	
4-18	416	Craft Supply Co.	34.85	
4-19	417	Village Variety	83.66	
4-20		Deposit	320.00	

3. Reconcile the bank statement and check register shown below.

BANK STATEMENT			
Date	Transaction	Amount	New Balance
4-2	Balance forward	\$200.00	\$200.00
4-4	Check #426	35.00	165.00
4-6	Check #425	13.19	151.81
4-15	Deposit	230.00	381.81
4-20	Service charges	8.30	373.51
4-22	ATM cash withdrawal	150.00	223.51

CHECK REGISTER			
Date	Transaction	Amount	New Balance
4-1	Balance forward	\$200.00	\$200.00
4-1	Check #425	13.19	186.81
4-2	Check #426	35.00	151.81
4-22	Deposit	500.00	651.81
4-22	Check #427	413.00	238.81
4-25	Check #428	187.18	51.63

## CUMULATIVE REVIEW

- You worked 10 hours at \$5.25 per hour. You received \$11.50 in tips. Find your total wages.
- You worked 24 hours at \$4.90 per hour. You received  $1\frac{1}{2}$  times your hourly rate for any hours over 20. Find your total wages.
- You worked the schedule shown below. You earned the same as in Exercise 2. Find your total wages for the week.

Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
4-7 <sup>3</sup>	4-7 <sup>3</sup>	5-10 <sup>5</sup>	4-7 <sup>3</sup>	4-7 <sup>3</sup>	9-2 <sup>5</sup>

- You earn a base salary of \$400 per month plus commission of 8% of sales. If your sales for one month are \$4000, how much will you earn that month?
- As a realtor, you sold a house for \$210,000. You earn 4% commission on the first \$100,000 and 5% commission on any amount over \$100,000. How much commission did you earn on the house?
- You earned \$125.75. Your income tax withholding is \$5, and your FICA withholding is 7.65% of your gross pay. Find your take-home pay.
- You earned \$181.25. Your income tax withholding is \$13, and your FICA withholding is 7.65% of your gross pay. Find your take-home pay.
- You earn \$7.10 per hour. You work 40 hours per week for 50 weeks. You get two weeks of paid vacation plus \$2500 worth of fringe benefits. Find your yearly earnings, including benefits.
- You wrote 25 checks one month. The bank charges \$0.025 per check for the first 20 checks and \$0.10 for each check over 20. How much are the charges for that month?
- You earn \$46,000 per year plus 16% of your salary in fringe benefits. Find your yearly earnings, including benefits.
- Your uncle wrote you a check and used your full legal name. Write your name as you would to endorse the check.
- What is a blank endorsement? When is the only time you should use it?
- You wrote a check for \$24.65. You had \$95.16 in your checking account. Show how you would enter this check in your check register.
- Use a graphing calculator to compare the following kinds of accounts. For each one, assume a balance of \$1000 but an unknown number of checks. Bank A pays interest of 0.4% per month and charges \$0.085 per check. Bank B pays interest of 0.2% per month and charges \$0.055 per check. Use the trace function to find the approximate point of intersection for the two graphs. Under what conditions is each bank better?

Hey  
How's  
It  
going

Good!

## PROJECT 2-1: Banking Institutions

Gather information about a commercial bank and a savings and loan institution in your community. Compare your information with that of your classmates. Below are some possible questions.

1. Are checking accounts available?
2. What are the service charges?
3. Are savings accounts available?
4. What method is used to determine interest paid?
5. Are special checks provided?
6. Are ATM cards available?
7. Does the institution have deposit insurance?
8. For what amount are the accounts insured?
9. Can electronic fund transfers be made?
10. What types of loans are available?
11. Are safe-deposit boxes available?
12. Is estate planning guidance available?
13. Is tax assistance or counseling provided?

## PROJECT 2-2: Automated Teller Machines

Automated teller machines allow customers 24-hour access to banking services. Because anyone can walk or drive up to a machine and use it, banking institutions take security precautions to protect against theft. To use your card, you must insert it into the machine and also enter your personal identification number (PIN) into the machine. The bank sometimes allows you to choose your own four- or five-digit PIN. If anyone should have your card and know your PIN, he or she could take money from your account.

1. Visit local banks, and find how you obtain a PIN. Some people use their birthdate as their PIN. Is this a good idea? Why or why not?
2. Visit local banks and find what security precautions they take with regard to ATM cards.