

PERSONAL BORROWING

We can buy things using:

Cash _____

Credit _____

There are 2 sources of credit:

Buying on credit _____

Borrowing _____

When we borrow we become a DEBTOR

Debtor

Collateral

Borrowers pay _____.

Interest

Flat Rate

True Rate

This is also called the _____

What says that this must appear on adverts?

**** Activity ****

1. I borrow €200 over 2 years @ 12% p.a. flat rate. My repayments are as follows:

End of year 1 _____

End of year 2 _____

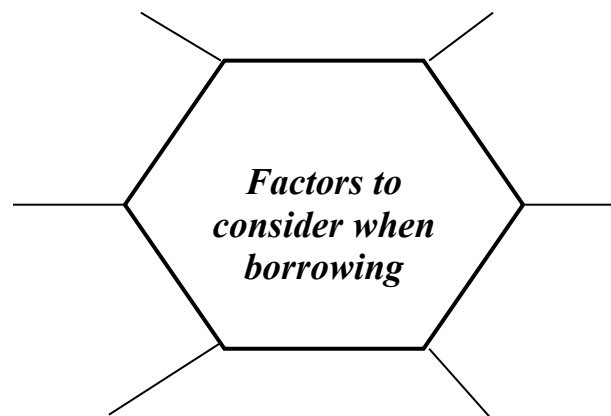
Total _____

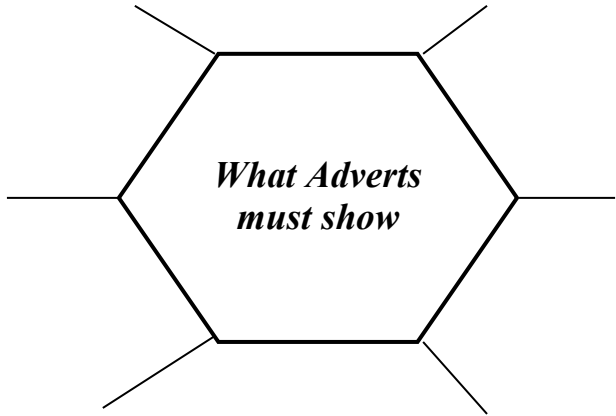
2. I borrow €200 over 2 years @ 12% p.a. true rate. My repayments are as follows:

End of year 1 _____

End of year 2 _____

Total _____





Bank overdraft

Mortgage

Deferred Payment

Hire Purchase

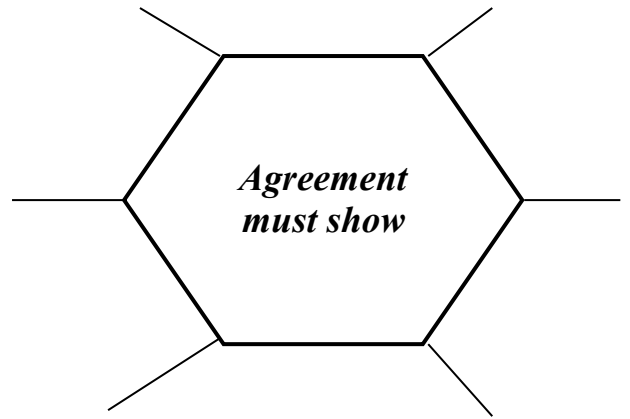
The Parties involved in Hire Purchase:

- 1 _____
- 2 _____
- 3 _____

How Hire Purchase Works:

How you are protected in HP:

Law: _____

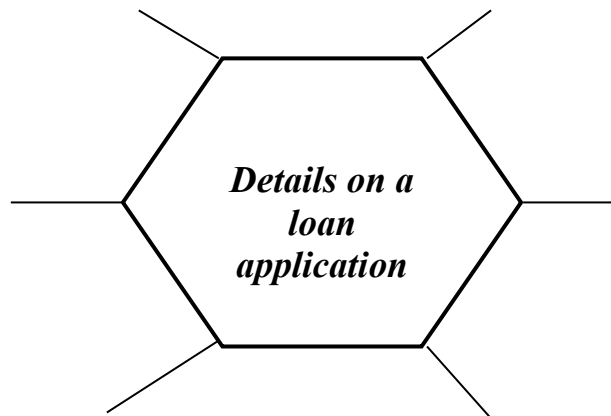


PROTECTION:

(1) _____

(2) _____

(3) _____



*****Activity*****

*How much **more** are the customers paying, by choosing Hire Purchase in each of the following?*

1. A customer sees the following advert for a plasma screen TV which can be bought for €550.: Deposit €50 and 12 instalments of €25
2. A first time driver sees a second hand car for €12,000. The Finance option is a deposit of €1000 and 250 instalments of €50.
3. A man is considering buying a second-hand Mercedes Car costing €15,000. He can buy it outright or pay a deposit of €2000 and €80 per month for 15 years.

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