Pay Now or Later

Compare the total cost of cash and financing choices.

HIGH SCHOOL · MA.912.FL.3.5

MA.912.FL.3.5 "Compare the advantages and disadvantages of using cash versus personal financing options."

NAME ____________________ DATE __________

COMPARE TOTAL COSTS

To compare choices, find the total amount paid for each option. For financing, add the down payment, all scheduled payments, interest, and fees. Cash often costs less overall, while financing can let you buy sooner but may increase the total cost.

WORKED EXAMPLE

A tablet costs $240 if paid in cash. A financing plan requires a $60 down payment and 4 payments of $50. Which option costs less?

1. Payment total: 4 x $50 = $200.
2. Financing total: $60 + $200 = $260.
3. Compare: $260 - $240 = $20.

Answer: Paying cash costs $20 less.

PRACTICE

6 problems

1. A music player costs $84 in cash. A pay-later plan has 3 payments of $30. Which choice costs less, and by how much?

   ANSWER ____________________

2. A jacket costs $75 in cash or 5 weekly payments of $16. What is the total financing cost, and how much extra is it?

   ANSWER ____________________

3. A laptop costs $360 in cash. A financing plan requires $40 down and 8 payments of $43. Find the financing total and the savings from paying cash.

   ANSWER ____________________

4. A bicycle costs $500 in cash. A one-year loan charges 6% simple interest on $500. What is the financing total, and how much more does it cost than cash?

   ANSWER ____________________

5. A gaming console has a listed price of $280. Cash buyers receive 10% off, while a financing plan has 12 payments of $25. Which option costs less, and by how much?

   ANSWER ____________________

6. A phone costs $420 in cash. A store plan requires $35 down and 11 monthly payments of $39. What is the financing total, and how much extra does it cost?

   ANSWER ____________________

APPLY IT
Show your work

1 Jordan has saved $315 for a refurbished laptop. The store offers a cash price of $315 or a plan with a $70 down payment and 6 monthly payments of $45. How much would Jordan pay with each option? Which option has the lower total cost?

WORK SPACE

ANSWER ____________________

2 Maya is considering a used scooter for commuting to an after-school job. She can pay $1,200 in cash, or she can finance it with $200 down, 10 monthly payments of $115, and a $35 finance fee. What is the total financing cost, and how much more is it than paying cash?

WORK SPACE

ANSWER ____________________

CHALLENGE
One step up

CHALLENGE

A tablet costs $540 in cash. Plan A requires $90 down and 9 payments of $53. Plan B requires $30 down and 12 payments of $47. Which option has the lowest total cost? State how much cash saves compared with each financing plan, then give one possible reason someone might still choose financing.

Pay Now or Later

PART 1 · PRACTICE

#	PROBLEM	ANSWER
1	A music player costs $84 in cash. A pay-later plan has 3 payments of $30. Which choice costs less, and by how much?	**Cash costs $84. Financing costs $90. Cash costs $6 less.**
2	A jacket costs $75 in cash or 5 weekly payments of $16. What is the total financing cost, and how much extra is it?	**The financing total is $80, which is $5 extra.**
3	A laptop costs $360 in cash. A financing plan requires $40 down and 8 payments of $43. Find the financing total and the savings from paying cash.	**The financing total is $384. Paying cash saves $24.**
4	A bicycle costs $500 in cash. A one-year loan charges 6% simple interest on $500. What is the financing total, and how much more does it cost than cash?	**The interest is $30. The financing total is $530, which is $30 more than cash.**
5	A gaming console has a listed price of $280. Cash buyers receive 10% off, while a financing plan has 12 payments of $25. Which option costs less, and by how much?	**The cash price is $252. The financing total is $300. Cash costs $48 less.**
6	A phone costs $420 in cash. A store plan requires $35 down and 11 monthly payments of $39. What is the financing total, and how much extra does it cost?	**The financing total is $464, which is $44 extra.**

PART 2 · APPLY IT

1. **Cash costs $315. Financing costs $340. Paying cash has the lower total cost by $25.** Multiply 6 x $45 to get $270, then add the $70 down payment. Compare $340 with the $315 cash price.
2. **The financing total is $1,385, which is $185 more than paying cash.** Add the down payment, all monthly payments, and the finance fee: $200 + (10 x $115) + $35. Subtract the cash price from the financing total.

CHALLENGE

Cash has the lowest total cost at $540. Plan A costs $567, so cash saves $27. Plan B costs $594, so cash saves $54. One possible reason to finance is to keep cash available for an emergency.

Accept equivalent calculations and correct dollar notation. For the challenge, accept another realistic advantage of financing if the cost comparisons are correct.