

## PFP 1 Exam Prep

### CHAPTER 3: CALCULATION QUESTIONS

Use the following information to answer the following question:

Diane and Doug have the following cash flow statement

Annual family income	\$90,000
<u>Expenses:</u>	
Monthly taxes	2,500
Family needs (monthly)	1,500
Housing costs (annual)	21,600
Auto insurance (annual)	1,920
Other debts (monthly)	900
Flexible family expenses (annual)	7,200
Savings, RRSPs etc (monthly)	550

1. Which of the following is true with regard to their budget?
  - a) They have a monthly shortfall of \$490
  - b) They have an annual shortfall of \$6,120
  - c) They have a monthly shortfall of \$400
  - d) They have an annual shortfall of \$7,120

**Use the following information to answer the following two questions:**

As a Financial Planner, you help Diane and Doug complete a goal-setting worksheet for two items; a built-in dishwasher at an estimated cost of \$1,000 to be purchased in one year's time. The second item is retirement planning where they would like to have an additional \$250,000 in 30 years' time. For the dishwasher, the assumed monthly savings rate is 3% net of inflation and taxes and for retirement, the rate is 5% annually.

2. The monthly savings required for the dishwasher is:

- a) \$80.00
- b) \$82.19
- c) \$83.33
- d) None of these answers

3. The annual savings required for retirement is:

- a) \$3,025
- b) \$3,763
- c) \$5,797
- d) \$8,333