

## Assignment # 7: Buying that Making a Major Purchase



After years of watching TV on her old 12" black & white TV that she got from her parent's basement, Jennifer is in the market for a new TV. A local electronics store, Best Buy currently has a sale where she can buy a new Panasonic 42" 3D Plasma HDTV for \$1 099.99 and a new Panasonic 1000W 5.1 Channel Blue-Ray Home Theatre System for \$549.99.

1. Determine the **after-tax cost** of the new HDTV and home theatre system.

2. One purchasing option is to use the layaway plan. You would give 10% down and pay the remainder on pickup in up to 6 months (once you have saved enough money). Determine the amount that you would pay upon pickup in 6 months.

3. The second option is the Rent-to-Own option. It is a monthly fee of \$ 99.99 (plus HST), with a maximum rental period of 24 months. At that time, Jennifer would have to "buy out" the rental at a fee of \$599.99 (plus HST). How much money, including HST would Jennifer spend altogether under this option?

4. The last option available to you is an Installment Plan. There is a deferral charge of \$99 plus you must pay the taxes at the time of purchase, and then 20 monthly payments of \$99. Determine the total amount that you would pay under this plan.

5. How much more than the cash price would you pay under each option? (Do this for each one in 2-4.)

| <b>Layaway Plan</b> | <b>Rent-To-Own</b> | <b>Installment Plan</b> |
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6. Which option should you choose and why? Give at least 1 reason and provide justification.

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