

Errata and Updates for the ACTEX Manual for Exam FM 1st Edition 2nd Printing

(Last updated 03/02/2024)

Page 80 **Exercise 2.55**

Change the question from Find $(Ia)_{\overline{15}|6\%}$ to Find $(I\ddot{a})_{\overline{15}|6\%}$.

Page 81 **Fourth line of Section 2.9.**

Change $(Da)_{\overline{n}|} + (Ia)_{\overline{n}|} = (n + 1) \cdot \ddot{a}_{\overline{n}|}$ to $(Da)_{\overline{n}|} + (Ia)_{\overline{n}|} = (n + 1) \cdot a_{\overline{n}|}$.

Page 169 **Solution to Problem 15.**

Change Answer E to Answer D.

Page 533 **Solution to Question 3.**

Change Answer D to Answer A.

Page 533 **Solution to Question 4.**

Change Answer C to Answer D.

Page 534 **Solutions to Questions 3 and 4.**

Solution to Question 3 should be the solution to Question 4. Add the missing solution to Question 3:

To find the initial payment amount:

Set $N = 360$, $I/Y = 6.4/12 = 0.5333$, $PV = 150,000$, and $FV = 0$. CPT $PMT = -938.26$.

To find the balance after 12 years, reset $N = 144$ and CPT $FV = -120,160.54$.

To calculate the new monthly payment, reset $N = 120$, $I/Y = 5.8/12 = 0.4833$, $PV = 120,160.54$, and $FV = 0$. CPT $PMT = -1,321.99$.

Suggested calculator technique:

In the second step, set $N=216$ (number of payments remaining) and CPT $PV = 120,160.54$. (This uses the prospective method instead of the retrospective method that was used above.) This way you will already have 120,160.54 stored in PV and 0 in FV for the third step. Simply enter $N = 120$ and $I/Y = 5.8/12$; then CPT $PMT = -1,321.99$.

Answer A