

Consumer Math

Unit 3: Credit Cards and Credit Scores

What does your credit statement tell you?

Name: _____ Date: _____

CHASEFREEDOM®



Manage your account online:

www.chase.com/creditcards

Additional contact information

conveniently located on reverse side

ACCOUNT SUMMARY

Previous Balance	\$360.75
Payment, Credits	-\$360.75
Purchases	+\$507.35
New Balance	\$507.35

Opening/Closing Date	
Total Credit Line	\$11,000
Available Credit	\$10,492
Cash Access Line	\$2,200
Available for Cash	\$2,200

PAYMENT INFORMATION

New Balance	\$507.35
Payment Due Date	07/24/10
Minimum Payment Due	\$10.00

Late Payment Warning: If we do not receive your minimum payment by the date listed above, you may have to pay up to a \$39.00 late fee and your APRs will be subject to increase to a maximum Penalty APR of 29.99%.

Minimum Payment Warning: If you make only the minimum payment each period, you will pay more in interest and it will take you longer to pay off your balance. For example:

If you make no additional charges using this card and each month you pay...	You will pay off the balance shown on this statement in about...	And you will end up paying an estimated total of...
Only the minimum payment	7 years	\$849
\$18	3 years	\$645 (Savings=\$204)

If you would like information about credit counseling services, call 1-866-797-2885.

1. What is the date of the statement?
2. What is the Annual Percentage Rate (APR)?
3. What is the new balance?
4. What was the previous balance?
5. How many charges were made during the billing cycle?
6. How many credits and payments were made during the billing cycle?
7. Were there any charges for late payments?
8. What is the total amount of the credit line?
9. What is the total amount of available credit?
10. What is the total amount of charges made during the current billing period?
11. Was there a finance charge for the current billing cycle?
12. What is the account number on the statement?
13. What is the late fee?
14. If you have questions, what should you do?
15. How long would it take you to pay off the bill, only making the minimum payment?
16. How much extra are you paying if you only pay the minimum payment each month?

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How much does it really cost you?

Name: _____ Date: _____

*** Use practicalmoneyskills.com calculator! ***

1. Jose wants to buy a stereo for \$650 and pay for it using a credit card that has an Annual Percentage Rate of 19.85%.
 - a. If Jose pays a minimum monthly payment of \$21.45, calculate the following:
 - i. How long will it take him to pay for the stereo?
 - ii. What is the total amount Jose will pay for the stereo?
 - iii. What is Jose's total cost of using credit?
 - b. If Jose makes monthly payments of \$60, calculate the following:
 - i. How many months will it take for Jose to pay off the stereo?
 - ii. What is the total amount Jose will pay for the stereo?
 - iii. What is Jose's total cost of using credit?
2. Patty took a cash advance of \$1,500. Her new credit card charges an Annual Percentage Rate of 21%. The transaction fee for cash advances is 3% of the cash advance, with a maximum fee of \$35. This fee is added to the total cash advance, and accrues interest.
 - a. If Patty makes monthly payments of \$65:
 - i. How long will it take Patty to pay for the cash advance?
 - ii. What is the total amount Patty will end up paying for the cash advance?
 - iii. What is the total finance charge Patty will pay?
 - b. If Patty pays the cash advance back at a rate of \$130 per month:
 - i. How long will it take Patty to pay for the cash advance?
 - ii. What is the total amount Patty will end up paying for the cash advance?
 - iii. What is the total finance charge Patty will pay?
3. Marie just used her new credit card to buy a bike for \$400. Her budget allows her to pay no more than \$25 each month on her credit card. Marie has decided not to use the credit card again until the bike is paid off. The credit card she used has an Annual Percentage Rate of 21%.
 - a. If Marie pays \$25 each month on her credit card:
 - i. How long will it take Marie to pay for the bike?
 - ii. What is the total amount Marie will end up paying for the bike?
 - iii. How much interest will Marie pay for using her credit card to buy the bike?
 - b. If Marie pays the minimum payment of \$14 each month:
 - i. How long will it take Marie to pay for the bike?
 - ii. What is the total amount Marie will end up paying for the bike?
 - iii. How much interest will Marie pay for using her credit card to buy the bike?
4. Gary has just used his credit card to buy a new watch. He got the watch on sale for \$235. The regular price was \$290. He use a credit card that has an Annual Percentage Rate of 20%.
 - a. If Gary makes the minimum monthly payment each month of \$10:
 - i. How long will it take Gary to pay for his new watch?
 - ii. What is the total amount Gary will pay for his watch?
 - iii. How much interest will Gary end up paying?
 - b. If Gary pays \$25 each month, instead of the minimum payment of \$10 each month:
 - i. How long will it take Gary to pay for his new watch?
 - ii. What is the total amount Gary will pay for his watch?
 - iii. How much interest will Gary end up paying?