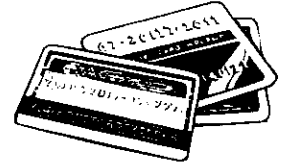


Student Handout 11-B

TOPIC 4: Credit—A Matter of Trust

Name of Student _____

Calculating the Cost of Credit Card Purchases



Directions

Use the interest rate of 18% and an annual fee of \$49 to complete this chart. In Month 1, there was a balance due of \$3,000. The borrower will make a monthly payment of \$200 and keep new purchases of goods and services at \$115 per month for the year.

Calculate the interest for each month (balance x 1.5%). To obtain the balance for the next month, *subtract* the payment from the balance and *add* cost of new purchases plus monthly interest and fee. For example: $\$3,000 - \$200 = \$2800 + \$115 + \$94 = \$3,009$. (NOTE: The annual fee of \$49 is paid only once.)

Interest rate: **18%** (APR); **1.5%** monthly

Annual fee: **\$49**

Month	Balance	Payments	Purchases	Interest & Fee	Interest & Fee (Cumulative)
1	\$3,000	\$200	\$115	\$49 \$45	\$94
2	\$3,009	\$200	\$115	\$45.14	\$139.14
3	\$2,969.14				
4					
5					
6					
7					
8					
9					
10					
11					
12					