Name _____ Date _____

RETEACHING • Using Credit Cards

CH. 8 REV. PACKET

Study this monthly credit card statement.

Your name
Your address

SUPER CHARGE

Make check or money order payable to **Super Charge.** Payment must be made in U.S. dollars.

Your account number.

Charges and payments made by this date are included on this Statement.

STATEMENT CLOSING DATE	ACCOUNT NUMBER	TOTAL NEW BALANCE	MINIMUM DUE THIS BILLING	AMOUNT ENCLOSED
1/15/90	123 456 789 123	303.67	35.00	

Return this portion of statement with payment. Our address on back must show in window of enclosed envelope.

FOR QUESTIONS CONCERNING THIS STATEMENT SEE "INQUIRIES" ON REVERSE. DIRECT TELEPHONE INQUIRIES TO

800-556-9964

TRANSACTION OR *POSTING DATE	CREDIT LINE TOTAL	CREDIT LINE AVAILABLE	SUPER CHARGE ACCOUNT NUMBER	PURCHASES ADVANCES AND DEBITS, PAYMENTS AND CREDITS (–)	REFERENCE NUMBER
	1500	1015.87	123 456 789 123		
12/20/89	RECORD CITY			14 95	876 541 642
12/21/89	JANET'S BOUTIQUE			64 29	726 348 761
12/21/89	THE JEAN STORE			36 70	923 456 781
12/22/89	PAYMENT - THANK YOU			– 135 70	CR
12/23/89	KIT'S TOYS			42 37	643 356 782

The amount you can charge without making a payment.

Charges and payments made this month. Check these against your records.

Lost/Stolen cards: If you know or think your Super Charge card is lost or stolen, call us immediately at 1-800-555-8888

HOW WE ARRIVE AT YOUR **FINANCE CHARGE**	MONTHLY PERIODIC RATE (%)	NOMINAL ANNUAL PERCENTAGE RATE
PURCHASES	1.650	1.980

The **Annual Percentage Rate (APR)** is the interest rate you pay.

ACCOUNT SUMMARY	PREVIOUS BALANCE	(–) PAYMENTS AND CREDITS	(+) PURCHASES ADVANCES AND DEBITS	(+) FINANCE CHARGE	(=) NEW BALANCE	PAYMENT DUE
TOTAL PURCHASES	458 85	135 70	158 31	2 67	484 13	35 00
ADVANCES						
TOTAL	458 85	135 70	158 31	2 67	484 13	35 00

The amount you owed at the end of last month.

The amount you now owe.

*See reverse side for balance computation method and other important information.	STATEMENT CLOSING DATE	NO. BILLING CYCLE DAYS	PAYMENT DUE DATE	
	1/15/90	31	2/17/90	PAST DUE - PAY IMMEDIATELY ▶
				MINIMUM DUE THIS BILLING ▶ 35 00

The minimum Payment you can make.

Use the monthly credit card statement above to answer the following questions.

What is:

1. The account number? _____
2. The statement closing date? _____
3. The payment due date? _____
4. The credit limit? _____
5. The credit that is available? _____
6. The finance charge? _____
7. The Annual Percentage Rate (APR)? _____
8. The previous balance? _____
9. The new balance? _____
10. The total of new purchases? _____
11. Last month's payment? _____
12. The minimum payment due? _____

Use with pages 144–146.

Name _____ Date _____

RETEACHING ◆ Credit Finance Charges

The unpaid balance on Sam's account was $900. There were no new charges this month. Find the finance charge.

The **unpaid balance** on a credit card statement is any of the last balance that was not paid.

For some credit cards, the finance rates *vary* for the unpaid balance, as shown:

	$1\frac{1}{2}$% on first $500	**1% on unpaid balance above $500**
THINK:	$1\frac{1}{2}\% = 0.015$;	$1\% = 0.01$

1. *Multiply* to find finance charge on first $500. $0.015 \times \$500 = \mathbf{\$7.50}$
2. *Subtract* to find amount of unpaid balance over $500. $\$900 - \$500 = \mathbf{\$400}$
3. *Multiply* to find finance charge for $400. $0.01 \times \$400 = \mathbf{\$4.00}$
4. *Add* $7.50 to $4.00 to find the total.

The total finance charge is **$11.50**.

Use the variable finance rates shown above to do Exercises 1–36. Find the total finance charge on the given unpaid balance to the nearest cent. Remember to estimate whenever you use your calculator.

1. $600.00 _____ **2.** $850.00 _____ **3.** $987.00 _____

4. $1,028.00 _____ **5.** $1,046.75 _____ **6.** $1,452.50 _____

7. $468.55 _____ **8.** $1,296.48 _____ **9.** $2,061.08 _____

Complete the table. (**Keep in mind**: The new balance is the sum of the unpaid balance and the finance charge.)

Last balance	Payments	New charges	Unpaid balance	Finance charge	New balance
$450.00	$0	$250.00	**10.**	**11.**	**12.**
$325.00	$100.00	$0	**13.**	**14.**	**15.**
$960.00	$250.00	$165.00	**16.**	**17.**	**18.**
$385.00	$0	$463.00	**19.**	**20.**	**21.**
$525.60	$350.00	$215.00	**22.**	**23.**	**24.**
$862.75	$0	$465.20	**25.**	**26.**	**27.**
$1,062.00	$500.00	$0	**28.**	**29.**	**30.**
$628.84	$300.00	$164.86	**31.**	**32.**	**33.**
$1,462.47	$462.47	$295.50	**34.**	**35.**	**36.**

Name _____ Date _____

RETEACHING • Overdraft Checking

This table shows the record of Susan Abel's overdraft checking account for the month of May. The APR is 18%.

Dates	Balance		Number of days		Sum of the daily balances
May 1–15	$315.75	×	15	=	$4,736.25
May 16–22	$417.80	×	7	=	$2,924.60
May 23–31	$406.15	×	8	=	$3,249.20
Total			31		?

Find the interest and the new balance for Susan's account.

1. *Add* to find the sum of the daily balances for May.
   $4,736.25 + $2,924.60 + $3,249.20 = $10,910.05
2. Use the table on page 147 of your textbook to find the daily interest rate for an APR of 18%.
   The APR is 0.04931%.
3. Use this formula to find the interest.
   APR × SUM OF DAILY BALANCES = INTEREST
   0.0004931 × $10,910.05 = $5.3797456

   THINK: 0.04931% = 0.0004931
4. Use this formula to find the new balance.
   LAST BALANCE + INTEREST = NEW BALANCE
   $406.15 + $5.38 = $411.53

The interest is **$5.38**, and the new balance is **$411.53**.

Find the interest and new balance for each account. Use the table on page 147 of your textbook to find the daily interest rate for the APR. Round the answer to the nearest cent.

1. Jan. 1–Jan. 15 Balance $539.14
Jan. 16–Jan. 23 Balance $480.75
Jan. 24–Jan. 31 Balance $319.50
The APR is 19%.

Interest _____ New Balance _____

2. Sept. 1–Sept. 12 Balance $215.35
Sept. 13–Sept. 20 Balance $196.13
Sept. 21–Sept. 30 Balance $238.50
The APR is 17%.

Interest _____ New Balance _____

3. June 1–June 13 Balance $745.15
June 14–June 21 Balance $605.30
June 22–June 30 Balance $517.65
The APR is 20%.

Interest _____ New Balance _____

4. Oct. 1–Oct. 13 Balance $1,088.15
Oct. 14–Oct. 20 Balance $946.10
Oct. 21–Oct. 31 Balance $1,230.05
The APR is 18%.

Interest _____ New Balance _____

5. April 1 Balance $631
April 7 Made $275 payment
April 20 Balance changed to $540
April 21–30 No more activity
The APR is 17%.

Interest _____ New Balance _____

6. August 1 Balance $90
August 8 Balance changed to $256
August 16 Made $150 payment
August 17–31 No more activity
The APR is 18%.

Interest _____ New Balance _____

Name _____ Date _____

RETEACHING ◆ Taking Out a Loan

Beth wants to get a $5,000 home-improvement loan. Her bank gave her this payment table.

MONTHLY PAYMENT PER $100 FINANCED			
	APR		
Years	$10\frac{1}{2}\%$	$11\frac{1}{2}\%$	$13\frac{1}{2}\%$
5	2.149	2.199	2.301
10	1.349	1.406	1.523
15	1.105	1.168	1.295

She decides to get a 15-y loan for $11\frac{1}{2}\%$. How much will she pay each month? How much interest will she pay over the 15 y?

1. *Divide* to find the number of $100 Beth wants to borrow.
   $5,000 ÷ $100 = 50
2. Use this formula and the table above to find the monthly payments.
   NUMBER OF $100 BORROWED × MONTHLY PAYMENT PER $100 = MONTHLY PAYMENT
   50 × $1.168 = $58.40
3. Use this formula to find the total amount repaid.
   THINK: 1 y = 12 mo; 15 y = 15 × 12 mo = 180 mo
   NUMBER OF MONTHLY PAYMENTS × AMOUNT OF MONTHLY PAYMENT = TOTAL AMOUNT REPAID
   180 × $58.40 = $10,512.00
4. Use this formula to find the interest paid over the 15 y.
   TOTAL AMOUNT REPAID − AMOUNT BORROWED = INTEREST
   $10,512 − $5,000 = $5,512

Beth will pay **$58.40** per mo. She will pay **$5,512** interest over 15 years.

Complete the table. Round each amount to the nearest cent. Remember to estimate whenever you use your calculator.

Amount	APR	Years	Monthly payment	Total amount repaid	Interest
$6,000	$11\frac{1}{2}\%$	5	1.	2.	3.
$8,000	$11\frac{1}{2}\%$	5	4.	5.	6.
$10,000	$13\frac{1}{2}\%$	10	7.	8.	9.
$9,500	$11\frac{1}{2}\%$	5	10.	11.	12.
$16,250	$10\frac{1}{2}\%$	10	13.	14.	15.
$4,825	$11\frac{1}{2}\%$	5	16.	17.	18.
$15,550	$13\frac{1}{2}\%$	15	19.	20.	21.

Name _____ Date _____

RETEACHING • Installment Buying

You can buy a $75 camera on an installment plan by making a down payment of $25 and paying $5.50 a mo for 12 mo.

Find the installment price and the finance charge.

THINK: INSTALLMENT PRICE = MONTHLY PAYMENTS + DOWN PAYMENT

FINANCE CHARGE = INSTALLMENT PRICE − REGULAR PRICE

1. *Multiply* to find the total monthly payments. $12 \times \$5.50 = \mathbf{\$66.00}$
2. *Add* to find the installment price. $\$66.00 + \$25.00 = \mathbf{\$91.00}$
3. *Subtract* to find the finance charge. $\$91.00 - \$75.00 = \mathbf{\$16.00}$

The finance charge is **$16**.

Complete the table.
Remember to estimate whenever you use your calculator.

Regular price	Down payment	Monthly payment	Number of payments	Installment price	Finance charge
$80	$0	$11	9	**1.**	**2.**
$95	$0	$18	6	**3.**	**4.**
$120	$0	$15	9	**5.**	**6.**
$158	$20	$25	6	**7.**	**8.**
$215	$30	$22.50	9	**9.**	**10.**
$456	$50	$35.50	12	**11.**	**12.**
$622.50	$100	$90.50	6	**13.**	**14.**
$495.95	$75	$52.25	9	**15.**	**16.**
$898.95	$150	$71.75	12	**17.**	**18.**
$956.40	$120	$150.20	6	**19.**	**20.**

Solve.

21. You buy a cassette player on the installment plan. It usually sells for $120. You make a $20 down payment and pay $18.50 per mo for 6 mo. How much will the cassette player cost? How much more will you pay by using the installment plan?

_____

22. You buy a computer on the installment plan. It usually sells for $895. You make a $200 down payment and pay $62.75 per mo for 12 mo. How much will you pay using the installment plan? How much would you save if you did not use the installment plan?

_____

Name _____ Date _____

PRACTICE • Decision Making: Using Credit Wisely (8.7)

Janice needed to borrow $3,600. She listed the features of three credit plans to help her decide.

Unsecured Loan

The APR is 13.5%. The loan must be paid off in no more than 15 mo. The loan cannot be paid off any faster.

13.5%	Monthly payment per $100
15 mo	.$9.235

Home Equity Loan

The minimum term of the loan is 5 y (60 mo). The APR is 15.5%. The interest paid is tax deductible. The loan cannot be paid off any faster.

15.5%	Monthly payment per $100
5 y	.$2.405

Credit Card

Finance charge: 1.5% of the unpaid balance each month
Minimum payment: $175.83 monthly
The APR is 15.75%. I plan to make the minimum monthly payment. I will not charge anything else on this card. It will take me 24 mo to pay off the loan. The interest will be $619.92.

Complete the table to compare the 3 credit plans.

Factor	Unsecured loan	Home equity loan	Credit card
APR	1.	15.5%	2.
Monthly payment	3.	4.	$175.83
Number of payments	15	5.	6.
Interest	7.	$1,594.80	8.
Other factors	9.	10.	Payments not fixed

Which credit plan would Janice choose if the only factor were:

11. Least amount of interest? _____

12. Lowest monthly payment? _____

Solve.

13. How much would Janice save in interest by choosing the credit card loan instead of the unsecured loan? _____

14. How much would Janice save in interest by choosing the unsecured loan instead of the home equity loan? _____

Use with pages 158–159.