

Name: \_\_\_\_\_ Date: \_\_\_\_\_ Class: \_\_\_\_\_

## BUILDING BLOCKS STUDENT WORKSHEET

# Understanding minimum payments

Many people choose to use a credit card to make purchases.

But when you use a credit card, it's important to know the real cost of what you're buying, especially if you pay only the minimum amount due or if you don't pay off your credit card in full each month.

## Instructions

- ① Look over the chart and answer the questions about Marta's credit card payments.
- ② Answer the reflection question.

## Marta's credit card payments

The chart on the next page shows Marta's credit card payments for the first eight months after she bought her air conditioner. She charged \$300 on her credit card. Her card has an annual percentage rate (APR) of 23%, which is 1.92% on a monthly basis. Her credit card contract requires her to pay a minimum of \$15 each month she has a credit card balance.



Month	Total due on the card	Monthly interest charge (1.92%)	Minimum payment (\$15 a month)	Ending balance
1	\$300	+\$5.76	-\$15	\$290.76
2	\$290.76	+\$5.58	-\$15	\$281.34
3	\$281.34	+\$5.40	-\$15	\$271.74
4	\$271.74	+\$5.22	-\$15	\$261.96
5	\$261.96	+\$5.03	-\$15	\$251.99
6	\$251.99	+\$4.84	-\$15	\$241.83
7	\$241.83	+\$4.64	-\$15	\$231.47
8	\$231.47	+\$4.44	-\$15	\$220.92

- If Marta pays more than the minimum payment each month, will it take more time or less time to pay off her credit card?  More  Less
- If she pays more than the minimum amount each month, will she pay more or less in total?  More  Less

## Reflection question

If you get a credit card in the future, do you think you'll pay only the minimum amount each month? Why or why not?