

Credit card mini activity:

Use the credit card website

<http://www.calculatorweb.com/calculators/creditcardcalc.shtml> to answer the following questions:

Name _____

Find the number of years to payoff the credit card, the total amount paid and the total amount of interest and fees in each case. Fill the turquoise cells to input the info on the spreadsheet. Please answer any questions asked.

1.

Credit Card - Pay a certain % of the outstanding balance every month & no late payments

APR	18%
Principal (Amount borrowed)	\$5,000
Minimum Payment	4.0% or \$20
# of Years to pay off	
Total Paid	
Total Interest & Fees	

2.

Credit Card - Pay a certain % of the outstanding balance every month & no late payments

APR	18%
Principal (Amount borrowed)	\$5,000
Minimum Payment	3.0% or \$20
# of Years to pay off	
Total Paid	
Total Interest & Fees	

3.

Credit Card - Pay a certain % of the outstanding balance every month & no late payments

APR	18%
Principal (Amount borrowed)	\$5,000
Minimum Payment	2.0% or \$20
# of Years to pay off	
Total Paid	
Total Interest & Fees	

Question 1: As the percentage of minimum payment goes down, the number of years to pay off the credit card goes up. Between 4 % and 3% how many more years does it take to pay it off? Between 3% and 2% how many years does it take to pay it off?

4.

Credit Card - Pay a certain % of the outstanding balance every month & no late payments

APR	20%
Principal (Amount borrowed)	\$5,000
Minimum Payment	4.0% or \$20
# of Years to pay off	
Total Paid	
Total Interest & Fees	

Question 2: Compare the number of years and interest in number 4 and number 1. Just increasing the percentage of interest by 2% increases the total interest you owe by? Just

increasing the percentage of interest by 2% increases the number of years to pay it off by?

5.

Credit Card - Pay a certain % of the outstanding balance every month & no late payments

APR	18%
Principal (Amount borrowed)	\$6,000
Minimum Payment	4.0% or \$20
# of Years to pay off	
Total Paid	
Total Interest & Fees	

Question 3: Compare the number of years and interest in number 5 and number 1. Just increasing the amount owed by 1000 increased the total interest you owe by? Just increasing the amount owed by 1000 increased the number of years to pay it off by?