

Student Sheet

CREDIT CARDS: HOW MUCH DO THEY COST?

Financial education at school:
An AMF activity for teachers.





WORKSHOP – HOW MUCH DOES IT COST IF I BUY SOMETHING WITH MY CREDIT CARD?

Situation 1

Julie wasn't able to set any money aside this summer and now she has to use her credit card to pay \$550 for books.

Using the credit card calculator on **Tesaffaires.com**, calculate how much interest she'll have to pay if she pays \$50 per month on her loan. At the same time, let her know how long it will take to pay off the entire loan.

Julie

Credit card from a major financial institution

Annual interest rate: 19.9%

Minimum amount to be paid each month:
\$10 or 5% of the balance on her card each month,
whichever is higher.

Purchase: \$550

Payment: \$50 per month.

Enter your answer here

Interest charges: _____

Time needed to pay it off: _____

Situation 2

Fred has a credit card from a large store that charges 29.9% interest. He buys a tablet for \$550 at the beginning of the school year and charges it to his credit card.

Using the credit card calculator on **Tesaffaires.com**, calculate how much interest Fred will have to pay if he only makes the minimum payment on his card each month.

Fred

Top Electronics Store credit card

Annual interest rate: 29.9%

Minimum amount to be paid each month:
\$10 or 5% of the balance on his card each month,
whichever is higher.

Purchase: \$550

Payment: minimum payment each month.

Enter your answer here

Interest charges: _____

Time needed to pay it off: _____