

Name: _____

Date: _____

Paying Off Consumer Debt

Fill out the table for the following problems:

1. Suppose that your credit card calculates finance charges using an APR of 43.2%. Your previous statement showed a balance of \$250. After seeing this, you decide to make a payment of \$105. Later that day you buy \$150 worth of shoes in which you purchased with your credit card. Use this information to fill out the table below:

	Previous balance	Payments	Purchases	Finance charge	New Balance
Month 1					

2. Continuing the same scenario from #1. Suppose that you make a payment of \$125. You later use your credit card to purchase a textbook that costs \$290. Use this information to complete the following table:

	Previous balance	Payments	Purchases	Finance charge	New Balance
Month 1	\$250	\$105	\$150	\$10.62	\$305.62
Month 2					

3. Suppose we have a card with an APR of 33%. The minimum payment is 9% of the balance. Suppose we have a balance of \$322 on the credit card. We decide to stop charging and to pay it off by making the minimum payment each month. Calculate the new balance after the first minimum payment is made and then calculate the minimum payment that is due the next month.