



Credit Cards You have had a credit card for 2 years. In Exercises 7–11, use the terms and conditions below that apply to your credit card. (See Examples 3 and 4.)

Interest Rates and Interest Charges	
Annual Percentage Rate (APR) for Purchases	0% Introductory APR for the first 12 statement Closing Dates following the opening of your account. After that, your Standard APR will be 12.99% to 20.99% , based on your creditworthiness when you open your account. This APR will vary with the market based on the Prime Rate.
APR for Balance Transfers	12.99% to 20.99% Standard APR, based on your creditworthiness when you open your account. After that, your APR will vary with the market based on the Prime Rate.
APR for Cash Advances	24.24% Standard APR for Direct Deposits, Check Cash Advances, ATM Cash Advances, Bank Cash Advances, Overdraft Protection and Cash Equivalent transactions. This APR will vary with the market based on the Prime Rate.
Penalty APR	None
How to Avoid Paying Interest on Purchases	Your due date is at least 25 days after the close of each billing cycle. We will not charge you any interest on purchases if you pay your entire balance by the due date each month.
For Credit Card Tips from the Federal Reserve Board	To learn more about factors to consider when applying for or using a credit card, visit the website of the Federal Reserve Board at http://www.federalreserve.gov/creditcard .

- You have the lowest possible APR. You use the credit card to purchase 3 nights in a hotel for a total of \$350. Your bill also includes \$250 from last month. The minimum payment each month is \$15. How long does it take to pay the credit card bill by making only the minimum payment each month? How much do you pay in interest?
- You have the lowest possible APR. You use the credit card to purchase airplane tickets to Australia for \$1500. Your bill also includes \$591.50 from last month. The minimum payment is either 2% of your statement balance rounded to the nearest whole dollar or \$15, whichever is greater. How long does it take to pay the credit card bill by making only the minimum payment each month? How much do you pay in interest?
- You take a cash advance of \$500. How long does it take to pay for the advance by making \$50 payments each month? How much do you pay in interest?
- Your credit card statement is shown. You plan to pay \$300 each month. How much more do you pay in interest with the maximum APR than with the minimum APR? (Note: There is an interest charge after this month.)
- You can pay the \$1730 credit card balance with a 2-year installment loan that has an APR of 6.5%, or a 1-year installment loan that has an APR of 9%. Which loan has a lesser cost of credit? How much do you save by choosing this loan?



Previous Balance	673.92
Payments	-673.92
Charges	1,730.00
Fees	0.00
Interest Charged	0.00
Credits	0.00
New Balance	1,730.00
Minimum Payment Due	35.00

[PAY BILL](#)

- Paying Debt** Your credit card balance is \$500. You can afford to pay \$100 each month toward the balance. Should you do this or should you make the minimum payment of \$20 each month? Explain your reasoning.