

Credit Cards - Sheet #2

1. Calculate the interest, the balance due and minimum payments on the following credit cards.
(5.00% or \$10.00, whichever is greater).

a)	Unpaid balance:	\$55.00	Interest:	$I = (55)(0.28)\left(\frac{18}{365}\right) = \0.76
	Interest rate per annum:	28.00% per annum	Minimum Payment:	$55.00 \times 0.05 = \$2.75$ or $\$10.00$
	Time:	18 days		
b)	Unpaid balance:	\$250.00	Interest:	$I = (250)(0.17)\left(\frac{14}{365}\right) = \1.63
	Interest rate per annum:	17.00% per annum	Minimum Payment:	$250.00 \times 0.05 = \$12.50$ or $\$10.00$
	Time:	14 days		
c)	Unpaid balance:	\$355.00	Interest:	$I = (355)(0.18)\left(\frac{30}{365}\right) = \5.05
	Interest rate per annum:	18% per annum	Minimum Payment:	$355.00 \times 0.05 = \$17.75$ or $\$10.00$
	Time:	30 days		
d)	Unpaid balance:	\$80.00	Interest:	$I = (80)(0.1975)\left(\frac{20}{365}\right) = \0.87
	Interest rate per annum:	19.75% per annum	Minimum Payment:	$80 \times 0.05 = \$4.00$ or $\$10.00$
	Time:	20 days		
e)	Unpaid balance:	\$410.00	Interest:	$I = (410)(0.15)\left(\frac{15}{365}\right) = \2.53
	Interest rate per annum:	15.00% per annum	Minimum Payment:	$410 \times 0.05 = \$20.50$ or $\$10.00$
	Time:	15 days		
f)	Unpaid balance:	\$98.00	Interest:	$I = (98)(0.1325)\left(\frac{14}{365}\right) = \0.50
	Interest rate per annum:	13.25% per annum	Minimum Payment:	$98 \times 0.05 = \$4.90$ or $\$10.00$
	Time:	14 days		

<p>g) Unpaid balance: \$150.00 Interest rate per annum: 18.25% per annum Time: 18 days</p>	<p>Interest: $I = (150)(0.1825)\left(\frac{18}{365}\right) = \\1.35 Minimum Payment: $150 \times 0.05 = \\$7.50$ or $\\$10.00$</p>
<p>h) Unpaid balance: \$80.00 Interest rate per annum: 17.25% per annum Time: 16 days</p>	<p>Interest: $I = (80)(0.1725)\left(\frac{16}{365}\right) = \\0.60 Minimum Payment: $80 \times 0.05 = 4.00$ or $\\$6.00$</p>
<p>i) Unpaid balance: \$299.00 Interest rate per annum: 18.25% per annum Time: 19 days</p>	<p>Interest: $I = (299)(0.1825)\left(\frac{19}{365}\right) = \\2.84 Minimum Payment: $299 \times 0.05 = \\$14.95$ or $\\$10.00$</p>
<p>j) Unpaid balance: \$80.00 Interest rate per annum: 13.75% per annum Time: 16 days</p>	<p>Interest: $I = (80)(0.1375)\left(\frac{16}{365}\right) = \\0.48 Minimum Payment: $80 \times 0.05 = \\$4.00$ or $\\$10.00$</p>

Credit Card Statement				Send Payment To: PO Box 555 Anytown, US	
Minimum payment is 5% or \$10.00, whichever is greater					
Account Number 1234 567 8901	Name Suzy Student	Statement Date 1/15/2005	Payment Due Date 2/14/2005		
Credit Line \$1500.00	Credit Available 679.43	New Balance 820.57	Minimum Payment Due 10.00		
Reference	Sold	Posted	Activity Since Last Statement		Amount
89XB773		12/12	Payment Thank You		(258.00)
78XY667	12/20	12/22	Gas 'n' Go	SmallTown US	35.24
34XP889	12/23	12/26	Gift Attic	Whoville US	63.02
23XY001	12/26	12/28	Computer Monitor	Techville US	697.78
76X0E11	1/8	1/10	Pizza Palace	SmallTown US	24.53
Previous Balance (+)		258.00	Current Amount Due		820.57
Purchases (+)		820.57	Amount Past Due		
Cash Advances (+)		0.00	Amount Over Credit Line		
Payments (-)		258.00	Minimum Payment Due		10.00
Credits (-)		0.00			
Finance Charges (+)		0.00			
Late Charges (+)		0.00			
NEW BALANCE (=)		820.57			
FINANCE CHARGE SUMMARY		PURCHASES	ADVANCES	For Customer Service Call: 1-800-555-5555	
Annual Percentage Rate		36%	36%	For Lost or Stolen Cards, Call: 1-888-555-5555	

4 purchases
820.57

- a) What was the previous balance? **\$258.00**
- b) What interest rate is charged on this credit card? **36%**
- c) Was there a payment made by the credit card holder? **Yes (258.00)**
- d) How many purchases were made this month? **4 → \$820.57**
- e) What should the minimum payment be and when is it due?

0×0.05 or **\$10.00** February 14 2005

f) How much interest will this customer have to pay?

previous balance was paid in full

$$I = Prt$$

$$I = (0)(0.36)\left(\frac{30}{365}\right)$$

$$I = 0.00$$

$$\begin{aligned} \text{Available Credit} &= \text{Credit Limit} - \text{New Balance} \\ &= \$1500.00 - \underline{\underline{\$820.57}} \\ &= \underline{\underline{\$679.43}} \end{aligned}$$

CREDIT CARD STATEMENT				SEND PAYMENT TO Box 1244 Anytown, USA	
ACCOUNT NUMBER 4125-239-412	NAME John Doe	STATEMENT DATE 2/13/09	PAYMENT DUE DATE 3/09/09		
CREDIT LINE \$1200.00	CREDIT AVAILABLE 1074.76	NEW BALANCE 125.24	MINIMUM PAYMENT DUE 10.00		
REFERENCE	SOLD	POSTED	ACTIVITY SINCE LAST STATEMENT	AMOUNT	
483GE7382		1/25	PAYMENT THANK YOU	-168.80	
32F349ER3	1/12	1/15	RECORD RECYCLER ANYTOWN, USA	14.83	
89102DIS2	1/13	1/15	BEEFORAMA REST ANYTOWN, USA	30.55	
NX34FJD32	1/18	1/18	GREAT ESCAPES BIG CITY, USA	27.50	
84RT3293A	1/20	1/21	DINO-GEL GASOLINE ANYTOWN, USA	12.26	
973DWS321	2/09	2/09	SHIRTS 'N SUCH TINYVILLE, USA	40.10	
<u>Previous Balance</u>	(+)	168.80	<u>Current Amount Due</u>	125.24	
Purchases	(+)	125.24	Amount Past Due		
Cash Advances	(+)	0.00	Amount Over Credit Line		
<u>Payments</u>	(-)	168.80	Minimum Payment Due	10.00	
Credits	(-)	0.00			
FINANCE CHARGES	(+)	0.00			
Late Charges	(+)	0.00			
NEW BALANCE	(=)	125.24			
FINANCE CHARGE SUMMARY			PURCHASES	ADVANCES	For Customer Service Call: 1-800-xxx-xxxx
Annual Percentage Rate			<u>19.80%</u>	<u>6.48%</u>	For Lost or Stolen Card, Call: 1-800-xxx-xxxx 24-Hour Telephone Numbers

- a) What was the previous balance? **\$168.80**
- b) What interest rate is charged on this credit card? **19.8% (purch.)**
6.48% (adv.)
- c) Was there a payment made by the credit card holder? **Yes (\$168.80)**
- d) What will the new balance be? **125.24**
- e) What is the available credit? $1200.00 - 125.24 = \$1074.76$
- f) How is the minimum payment calculated and what is it?

5% of the unpaid balance or \$10.00 whichever is greater.