



## how much does it really cost?

### directions

Use the Cost of Credit calculator at [practicalmoneyskills.com](http://practicalmoneyskills.com) to answer the following questions.

### directions

**José wants to buy a stereo for \$650 and pay for it using a credit card that has an Annual Percentage Rate of 19.85%.**

**If José pays the minimum monthly payment of \$21.45:**

1. How long will it take him to pay for the stereo?
2. What is the total amount José will pay for the stereo?
3. What is José's total cost of using credit?

**If José makes monthly payments of \$60:**

4. How many months will it take for José to pay off the stereo?
5. What is the total amount José will pay for the stereo?
6. What is José's total cost of using credit?

**Patty took a cash advance of \$1,500. Her new credit card charges an Annual Percentage Rate of 21%. The transaction fee for cash advances is 3% of the cash advance, with a maximum fee of \$35. This fee is added to the total cash advance, and accrues interest.**

**If Patty makes monthly payments of \$65:**

7. How long will it take Patty to pay for the cash advance?
8. What is the total amount Patty will end up paying for the cash advance?
9. How much interest and fees will Patty pay?

**If Patty pays the cash advance back at a rate of \$130 per month:**

10. How long will it take Patty to pay for the cash advance?
11. What is the total amount Patty will end up paying for the cash advance?
12. How much interest and fees will Patty pay?

## how much does it really cost? (continued)

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**Marie just used her new credit card to buy a bike for \$400. Her budget allows her to pay no more than \$25 each month on her credit card. Marie has decided not to use the credit card again until the bike is paid off. The credit card she used has an Annual Percentage Rate of 21%.**

**If Marie pays \$25 each month on her credit card:**

- 13. How long will it take Marie to pay for the bike?
- 14. What is the total amount Marie will end up paying for the bike?
- 15. How much interest will Marie pay for using her credit card to buy the bike?

**If Marie pays the minimum payment of \$14 each month:**

- 16. How long will it take Marie to pay for the bike?
- 17. What is the total amount Marie will end up paying for the bike?
- 18. How much interest will Marie pay for using her credit card to buy the bike?

**Gary has just used his credit card to buy a new watch. He got the watch on sale for \$235. The regular price was \$290. He used a credit card that has an Annual Percentage Rate of 20%.**

**If Gary makes the minimum monthly payment each month of \$10:**

- 19. How much will Gary end up paying for his new watch?
- 20. How long will it take Gary to pay for his watch?
- 21. What is the total amount of interest Gary will end up paying?

**If Gary pays \$25 each month, instead of the minimum monthly payment of \$10 each month:**

- 22. How much will Gary end up paying for his new watch?
- 23. How long will it take Gary to pay for his watch?
- 24. What is the total amount of interest Gary will end up paying?