



# Credit \$marts: Helping You Become Credit \$avvy

**Situation: Mary**

Name: \_\_\_\_\_

Date: \_\_\_\_\_



Mary really made use of her credit card last month, charging several new outfits (\$520), gas (\$210), and several “nights out” with her friends (\$270).

➤ What is Mary’s total *credit card* debt? \_\_\_\_\_

Use information from **Side 1 (Orange)** of the **Credit Card Smarts™ Cost of Delay® Calculator** to answer the following questions. Assume that Mary pays a 3% minimum monthly payment every month on her current balance:

1. What is the *total amount* Mary will pay to the Super Charge bank credit card for her debt (assuming she doesn’t charge anything else)? \_\_\_\_\_
2. What is the total amount of *interest* charges she will pay on her debt? \_\_\_\_\_
3. How many *years* will Mary spend paying off this debt? \_\_\_\_\_
4. What is the *annual interest rate* assumed by the Credit Card Smarts™ Calculator?
5. What is the *monthly interest rate* assumed by the Credit Card Smarts™ Calculator?  
\_\_\_\_\_

Use information from **Side 2 (Blue)** of the **Credit Card Smarts™ Booster® Calculator** to answer the following questions:

6. What is the amount of the *first monthly payment* on her debt if Mary makes only the 3% minimum payment on her current balance? \_\_\_\_\_
7. What is the amount of the *first monthly payment* if Mary boosts her payment from 3% to 4% of her current balance? \_\_\_\_\_
8. How many *years* will it take for Mary to pay off her debt with payments of 4% of her current balance?  
\_\_\_\_\_
9. How much *interest* will Mary save by boosting her payments from 3% to 4% of her current balance?  
\_\_\_\_\_
10. If Mary doubles the 3% minimum payments to 6% of the current balance (starting with a first monthly payment of \$\_\_\_\_), how many *years* will it take for Mary to pay off her debt? \_\_\_\_\_
11. If Mary doubles the 3% minimum payments to 6%, how much *interest* will she save compared to paying the 3% minimum payments? \_\_\_\_\_

Sponsored by:



MSU Extension is an ADA/EO/AA/Veteran’s Preference Employer and Provider of Educational Outreach.