



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

**Situation: Matt**

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

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



Matt has a credit card from his local financial institution. He charged \$3,500 for his trip to Europe (he leaves for Paris next week), \$2,500 for an absolutely unbelievable surround-sound home theater system, and \$1,000 because he needs clothes to look presentable for the new job he'll be starting in a month. In addition, he got a cash advance on his credit card of \$2,000 so he could make a down payment on a new car to get back and forth to his new job.

► What is Matt'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 Matt pays a 3% minimum monthly payment every month on his current balance:

1. What is the *total amount* Matt will pay for the debt on his credit card (assuming he doesn't charge anything else)? \_\_\_\_\_
2. What is the *total amount of interest* he will pay? \_\_\_\_\_
3. How many *years* will Matt have to make payments? \_\_\_\_\_
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 his debt if Matt makes only the 3% minimum payment on his current balance? \_\_\_\_\_
7. What is the amount of the *first monthly payment* if Matt boosts his payment from 3% to 4% of his current balance? \_\_\_\_\_
8. How many *years* will it take for Matt to pay off his debt with payments of 4% of his current balance? \_\_\_\_\_
9. How much *interest* will Matt save by boosting his payments from 3% to 4% of his current balance? \_\_\_\_\_
10. If Matt 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 Matt to pay off his debt? \_\_\_\_\_
11. If Matt doubles the 3% minimum payments to 6%, how much *interest* will he save compared to paying the 3% minimum payments? \_\_\_\_\_

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