Credit $marts: Helping You Become Credit $avvy

Situation: Chris and Bethany	Name:_____ Date:_____

Chris and Bethany are very excited about their upcoming wedding in a month. Last night they had a long discussion about their debts. Both are bringing to the marriage *substantial* student loan debt and credit card debt. Chris has a credit card debt of $2,000 and student loan debt of $19,000. Bethany has credit card debt of $3,000 and student loan debt of $16,000.

➢ What is their total combined *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 Chris and Bethany pay a 3% minimum monthly payment on the current balance every month.

1. What is the *total amount* they will end up paying to the credit card company for their combined credit card debt (assuming they don't charge anything else)? _____
2. What is the *total amount of interest* they will have to pay on their combined credit card debt? _____
3. How many *years* will they have to make payments on their combined credit card debt? _____
4. What is the *annual interest rate* assumed by the Credit Card Smarts™ Card? _____
5. What is the *monthly interest rate* assumed by the Credit Card Smarts™ Card? _____

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 their debt if Chris and Bethany make only the 3% minimum payment on their current balance? _____
7. What is the amount of the *first monthly payment* if Chris and Bethany boost their payment from 3% to 4% of their current balance? _____
8. How many *years* will it take for Chris and Bethany to pay off their debt with payments of 4% of their current balance? _____
9. How much *interest* will Chris and Bethany save by boosting their payments from 3% to 4% of their current balance? _____
10. If Chris and Bethany double their 3% minimum payments to 6% of the current balance (starting with a first monthly payment of $_____), how many *years* will it take for Chris and Bethany to pay off their debt? _____
11. If Chris and Bethany double their 3% minimum payments to 6%, how much *interest* will they save compared to paying 3% minimum payments?_____

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