FitMoney

Name:________________________________

The Delicate Balance of Credit Card Debt

Credit: A Delicate Balance

Adapted from Warren Buffett's Secret Millionaires' Club activities

Debit Card Takes money directly from your checking account. (As a debit.) You can only spend as much as you have right now (like with a check or cash), but you may earn interest on the money in your account.		**Credit Card** Takes money from the credit card company as a loan. You can pay them back in full before the end of the billing cycle, or they get to charge you interest on the remaining balance on the card.	
Pros	Cons	Pros	Cons

Reading a Credit Card Statement

Credit Limit:

Date

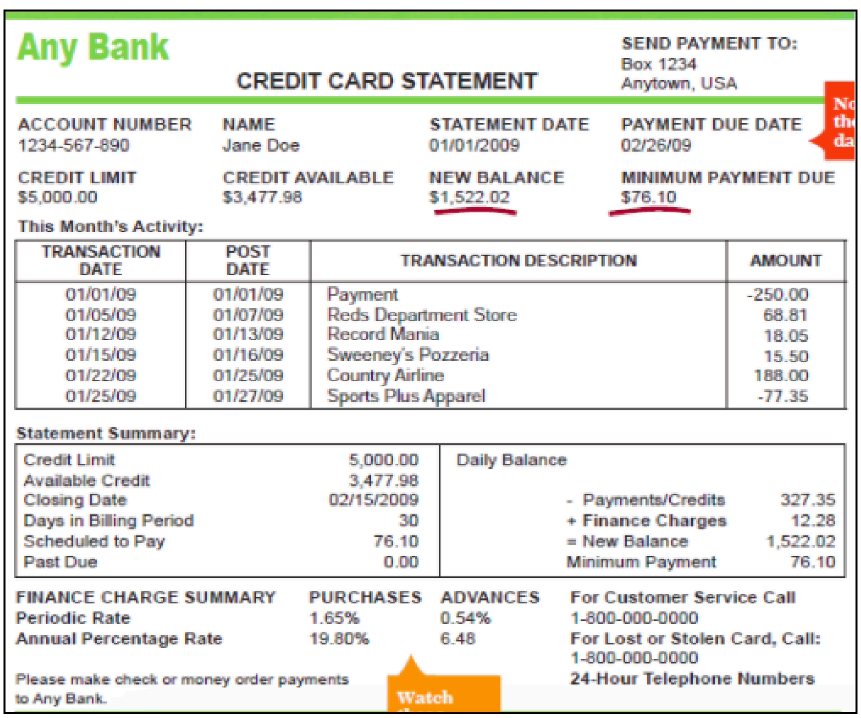
Credit Available:

Payment Date

New Balance:

Minimum Payment:

Transactions:



Any Bank

CREDIT CARD STATEMENT

SEND PAYMENT TO:
Box 1234
Anytown, USA

ACCOUNT NUMBER	NAME	STATEMENT DATE	PAYMENT DUE DATE
1234-567-890	Jane Doe	01/01/2009	02/26/09
CREDIT LIMIT	CREDIT AVAILABLE	NEW BALANCE	MINIMUM PAYMENT DUE
$5,000.00	$3,477.98	$1,522.02	$76.10

This Month's Activity:

TRANSACTION DATE	POST DATE	TRANSACTION DESCRIPTION	AMOUNT
01/01/09	01/01/09	Payment	-250.00
01/05/09	01/07/09	Reds Department Store	68.81
01/12/09	01/13/09	Record Mania	18.05
01/15/09	01/16/09	Sweeney's Pozzeria	15.50
01/22/09	01/25/09	Country Airline	188.00
01/25/09	01/27/09	Sports Plus Apparel	-77.35

Statement Summary:

		Daily Balance	
Credit Limit	5,000.00		
Available Credit	3,477.98		
Closing Date	02/15/2009	- Payments/Credits	327.35
Days in Billing Period	30	+ Finance Charges	12.28
Scheduled to Pay	76.10	= New Balance	1,522.02
Past Due	0.00	Minimum Payment	76.10

FINANCE CHARGE SUMMARY	PURCHASES	ADVANCES
Periodic Rate	1.65%	0.54%
Annual Percentage Rate	19.80%	6.48

For Customer Service Call
1-800-000-0000
For Lost or Stolen Card, Call:
1-800-000-0000
24-Hour Telephone Numbers

Please make check or money order payments to Any Bank.

Watch

FitMoney

Name:______________________________

Math Connection

Credit: A Delicate Balance

Directions: Use the credit card statement below to answer questions 1-3.

CARD *Statement*

A
Account Number	1234 1234 1234 1234
Statement Closing Date	11/09/13
Credit Line	$2,100.00
Available Credit	$1,576.80

C

B D

TERESA TORRES
123 ANY STREET
CITY CA 12345

E
Account Summary	
Previous Balance	$1,686.15
- Credits	$0.00
- Payments	$1,688.15
+ Purchases & Other Chgs	$523.20
+ Cash Advances	$0.00
+ FINANCE CHARGE	$0.00
= New Balance	$523.20

F H
Payment Information	
New Balance	$523.20
Scheduled Minimum Payment	$35.00
Scheduled Payment Due Date	12/01/13

Late Payment Warning: If we do not receive your minimum payment by the date listed above, you may have to pay a late fee of up to $35.00 and your APR's will be subject to increase to a maximum Penalty APR of 29.99%.

Minimum Payment Warning: If you make only the minimum payment each period, you will pay more in interest and it will take you longer to pay off your balance. For example:

I G
If you make no additional charges using this card and each month pay...	You will payoff the balance shown on this statement in about...	And you will end up paying an estimated total of...
Only the minimum payment	1.5 years	$627
$49	1 year	$596 (Savings=$31)

If you would like information about credit counseling services, call 1-800-555-5555.

1. Look at the "Payment Information" box. How much does Teresa owe the bank in total?

   a) $523.20 b)$35.00 c)$12.10 d)$1,686.15

2. What is the maximum amount Teresa can spend in a payment period?

   a) $1,576.80 b)$1,686.15 c) $523.20 d) $2,100.00

3. What is the difference between Teresa's balance and the minimum payment? If she has enough money should she pay the balance of the minimum payment and why?