Activity 1

PART 3: EXTRA PRACTICE

Use this data to answer the questions below.

CREDIT CARD A:

- Annual percentage rate = 22.99%
- 30-day billing period
- $22,640 total daily account balance
- $700 statement balance
- Minimum payment — 2% or $15, whichever is greater

CREDIT CARD B:

- Annual percentage rate = 18.5%
- 31-day billing period
- $9,200 total daily account balance
- $275 statement balance
- Minimum payment — 2% or $10, whichever is greater

1. Calculate the **daily finance charge** rate.

   Card A: _____%

   Card B: _____%

2. Calculate the average daily balance for each account.

   Card A: $_____

   Card B: $_____

3. Calculate the minimum payment on each account.

   Card A: $_____

   Card B: $_____

4. For each account, use the online payoff calculator at
   www.creditcards.com/calculators/payoff to determine how long
   it will take to pay off the balance. How long will it take to pay off
   the balances if you only pay the minimum payment? How much
   money would you have to pay each month in order to pay off
   the total debt in 6 months?

   Card A: Minimum payment payoff in _____ months

             6 month payoff at $_____ per month

   Card B: Minimum payment payoff in _____ months

             6 month payoff at $_____ per month