

## Credit Card Basics ( Part 2)

1. Your credit card has a balance of \$1,594.25. Each month for 6 months, you pay off the minimum amount due. These 6 payments add up to \$364.04; however, the difference in your starting balance and balance at the end of 6 months is only \$181.56. Why is this?

- a. The credit card company made a mistake. Be sure to check your statements carefully.
- b. The rest of the funds were put in a savings account for future use.
- c. **The credit card company added interest to your balance each month.**

2. Your credit card has the “Minimum Payment Warning.” If you make the minimum payments, it states it will take you 9 years to pay it off. If you make the new suggested payment, it will take 3 years to pay it off. You decide you want to pay off the credit card. So you make no more purchases. To pay the credit card off in 3 years, each month you must:

- a. **Pay the suggested payment from the initial statement.**
- b. Pay the suggested minimum payment which becomes less each month.