Credit Cards   Name _____

Directions: Complete the following problems. Write your answers in the blanks using commas, dollar signs, and percent symbols as needed. Round dollars to the nearest cent and percents to the nearest tenth.

A. Using the previous balance method, compute the monthly rate and finance charge.

Previous Balance	APR	Monthly Rate	Finance Charge
$530.50	18%	1.	2.
$380.60	22%	3.	4.
$335.90	12.2%	5.	6.

B. Compute the average daily balance and finance charge. As of April 1, the credit card balance shows a previous balance of $808.05. A payment of $100 was made on April 10. A purchase of $80 was made on April 15. Finance charges are computed at 2% per month. This balance was in effect through the billing date of May 1.

7. Average Daily Balance _____   8. Finance Charge _____

C. Compute the finance charge and new balance on each card balance below. The finance charge is based on the previous balance before payment or credits are deducted. The monthly rate is 1.5% on amounts up to $1000 and 1% on amounts over $1,000.

Previous Balance	Finance Charge	Payment	Credits	Purchases	New Balance
$868.50	9.	$240.50	$0.00	$69.40	10.
$1,6544.20	11.	$435.00	$132.70	$330.84	12.
$1,956.25	13.	$480.40	$0.00	$347.62	14.
$950.30	15.	$124.50	$0.00	$87.65	16.
$1,137.90	17.	$432.60	$14.23	$0.00	18.

D. Younkers charges 1.83% per month on the previous balances of its accounts. Juan Coulter's account shows a beginning balance of $974.55. What is the amount of Juan's finance charge? 19. _____

E. Calculate the finance charge using the previous balance method.

Previous Balance	APR	Monthly Rate	Finance Charge
$760.50	1.8%	20.	21.
$198.40	1.5%	22.	23.
$690.60	1.75%	24.	25.

F. Compute the average daily balance and finance charge. As of April 1, the credit card balance shows a previous balance of $600.00. A payment of $120 was made on April 10. A purchase of $175 was made on April 15. Finance charges are computed at 18% per year. This balance was in effect through the billing date of May 1.

26. Average Daily Balance _____ 27. Finance Charge _____

28. New Balance _____

G. Use the following information to compute the new balance:

Previous balance:	$313.40
Finance charge:	4.70
Payments	113.40
Credits	12.50
Purchases	37.58

29. New balance _____

H. Compute the finance charge and new balance on each card balance below. The finance charge is based on the previous balance before payment or credits are deducted. The monthly rate is 2% on amounts up to $1000 and 1% on amounts over $1,000.

Previous Balance	Finance Charge	Payment	Credits	Purchases	New Balance
$1,345.50	30.	$260.50	$0.00	$289.50	31.
$1,846.19	32.	$450.00	$22.70	$90.74	33.
$1,136.20	34.	$575.40	$0.00	$147.60	35.
$1,873.30	36.	$155.50	$0.00	$98.75	37.
$1,427.90	38.	$354.60	$31.23	$87.00	39.

I. Determine the annual or monthly rate. Round to 2 decimal places.

Annual Percentage Rate 18%   40. Monthly Rate _____

Monthly Rate 1.8%   41. Yearly Rate _____

Using the previous balance method, calculate the finance charge and account balance.

Previous Balance	APR	Finance Charge	Account Balance
$542.18	18.5%	42.	43.

J.   Using the average daily balance method, determine the average daily balance and finance charge for Juanita Coulter. Juanita's charge account shows a balance of $225.50 on June 1. A payment of $155.50 was made on June 10. Purchase of $340 were made on June 20. An annual rate of 18.5% is applied to the account. June has 30 days.

44. Average Daily Balance _____

45. Finance Charge _____

K. Solve the following problem using the adjusted balance method.

Willie has a charge account at Home Depot with a current balance of $55.94. The store charges 1.5% interest rate on the unpaid balance. If Willie makes a $15 payment and makes additional charges of $23, what is the amount of the ending balance? What is the APR?

46. Unpaid Balance _____

47. APR _____

48. Write a paragraph describing how the interest rate and time affect the amount a card user has to repay.