

Applications

Credit card companies pay college students generously to stand outside dining halls, dorms, and academic buildings and encourage their fellow students to apply for credits cards.

Louise Slaughter, American Congresswoman

1. How might the quote apply to what you have learned?

Use the FlashCard statement to answer Exercises 2–7.

ACCOUNT INFORMATION							
Account Number		4-10700000		Billing Date		30 May	
						Payment Due	
						8 Jun	
TRANSACTIONS							DEBITS / CREDITS (-)
9 MAY	3291684271	Fanelli Furs				\$975.00	
12 MAY	594683219	Brooklyn Pets				\$32.50	
15 MAY	7677095385	Maple Garage				\$178.21	
18 MAY	8765713281	PAYMENT				-\$150.00	
21 MAY	321447162	Caruso's Restaurant				\$41.53	
SUMMARY	Previous Balance	Payments / Credits	New Purchases	Late Charge	Finance Charge	New Balance	Minimum Payment
	\$420.50	\$150.00	\$1,227.24	\$0.00	\$19.80	\$1,517.54	\$30.00
Total Credit Line			\$3,000.00		Average Daily Balance	# Days in Billing Cycle	APR
Total Available Credit			\$1,661.51		\$1,199.97	30	19.8%
						Monthly Periodic Rate	1.65%

- How many purchases were made during the billing cycle?
- What is the sum of all purchases made during the billing cycle?
- When is the payment for this statement due?
- What is the minimum amount that can be paid?
- How many days are in the billing cycle?
- What is the previous balance?
- Rollie has a credit card with a line of credit at \$4,000. He made the following purchases: \$425.36, \$358.33, \$377.11, and \$90.20. What is Rollie's available credit?
- Rebecca has a credit line of \$6,500 on her credit card. She had a previous balance of \$398.54 and made a \$250 payment. The total of her purchases is \$1,257.89. What is Rebecca's available credit?
- The APR on Leslie's credit card is currently 21.6%. What is the monthly periodic rate?
- Sheldon's monthly periodic rate is 1.95%. What is the APR?
- Zea has a credit limit of \$2,000 on her credit card. Each month, she charges about \$200 and makes a payment of \$125.
 - Estimate the number of months that Zea can continue this pattern until she reaches her credit limit.
 - Consider that part of the \$125 Zea pays each month will be for finance charges. How will the number of months from part a be affected by these charges?

13. Examine this portion of the credit card summary.

Average Daily Balance	# Days in Billing Cycle	APR
W	X	$Y\%$

- Express the sum of the cycle's daily balances algebraically.
- Express the monthly periodic rate as an equivalent decimal without the % symbol.

14. Fill in the missing amounts for a–d.

ACCOUNT INFORMATION							
Type	Revolving	Account Number	234 98765 90	Billing Date	16 Aug	Payment Due Date	1 Sep
TRANSACTIONS						DEBITS / CREDITS (-)	
6 AUG	Meghan's Shop					\$85.63	
7 AUG	Payment					-\$63.00	
8 AUG	Joe's Italian Restaurant					\$47.60	
10 AUG	University of New York					\$855.00	
15 AUG	SkyHigh Airlines					\$370.50	
16 AUG	Payment					-\$137.00	
SUMMARY	Previous Balance	Payments / Credits	New Purchases	Late Charge	Finance Charge	New Balance	Minimum Payment
	\$215.88	b.	c.	\$0.00	\$6.70	d.	\$25.00
Total Credit Line			\$ 5,000.00	Average Daily Balance	# Days in Billing Cycle	APR	Monthly Periodic Rate
Total Available Credit			a.	\$446.41	30	18%	1.5%

15. Examine the summary section of a monthly credit card statement. Use the first five entries to determine whether the new balance is correct. If it is incorrect, write the correct amount.

SUMMARY	Previous Balance	Payments / Credits	New Purchases	Late Charge	Finance Charge	New Balance	Minimum Payment
	\$359.02	\$80.00	\$103.65	\$0.00	\$5.34	\$548.01	\$18.00

16. Check the new balance entry on the monthly statement below by using the first five entries. If the new balance is incorrect, write the correct amount.

SUMMARY	Previous Balance	Payments / Credits	New Purchases	Late Charge	Finance Charge	New Balance	Minimum Payment
	\$424.41	\$104.41	\$103.38	\$23.00	\$7.77	\$454.15	\$54.00

17. A credit card statement is modeled using the following spreadsheet. Entries are made in columns A–F. Write the formula to calculate the available credit in cell G2.

	A	B	C	D	E	F	G
1	Previous Balance	Payments	New Purchases	Late Charge	Finance Charge	Credit Line	Available Credit
2							

18. Determine the amount of the payment made on this credit card.

SUMMARY	Previous Balance	Payments / Credits	New Purchases	Late Charge	Finance Charge	New Balance	Minimum Payment
	\$939.81		\$125.25	\$3.00	\$15.38	\$833.44	\$25.00

19. The previous balance after the last billing cycle is represented by A , recent purchases by B , payments by C , finance charge by D , late charge by E . Express the relationship among the variables that must be true in order for the new balance to be zero.