



### Understanding Minimum Payments

Many people use credit cards to make purchases. It is important to understand the additional fees that go along with using a credit card if you pay only the minimum payment due or if you do not pay off the total amount each month.

Nathan used his credit card to buy \$300 of new clothes. To pay this off, he needs to plan his minimum monthly payments, which are \$15 if he isn't paying the full amount. His credit card has an interest rate of 23% or 1.92% each month.

Use the chart to talk about Nathan's credit card payments.

Month	Total due on the card	Monthly interest charge (1.92%)	Minimum Payment (\$15 a month)	Ending balance
1	\$300	+\$5.76	-\$15	\$290.76
2	\$290.76	+\$5.58	-\$15	\$281.34
3	\$281.34	+\$5.40	-\$15	\$271.74
4	\$271.74	+\$5.22	-\$15	\$261.96
5	\$261.96	+\$5.03	-\$15	\$251.99
6	\$251.99	+\$4.84	-\$15	\$241.83
7	\$241.83	+\$4.64	-\$15	\$231.47
8	\$231.47	+\$4.44	-\$15	\$220.92



## Daily Life & Employment

1. If Nathan pays more than the minimum payment each month, will it take more time or less time to pay off the credit card? Why?
2. How could Nathan pay off his credit card amount?
3. Nathan will pay the minimum amount for his 9th month. Calculate his total amount.

$$\$220.92 \times 1.92\% = \$4.24$$

$$\$220.92 + \$4.24 = \quad - \$15.00 =$$