

The Real Price

Track how unpaid card balances add cost over time.

SS.8.FL.4.3 “Examine the fact that borrowers who use credit cards for purchases and who do not pay the full balance when it is due pay much higher costs for their purchases because interest is charged monthly...”

NAME _____

DATE _____

1 READ AND MARK _____ Read it twice

YOUR JOB Underline details that explain how carrying a balance increases a purchase's cost, and circle actions that help a card user avoid purchase interest.

Maya's Bookstore Purchase

- ① When Maya uses a credit card at a bookstore, the card issuer pays the store first. Maya then receives a statement listing her purchases, payments, balance, due date, and grace period. A grace period is the time after the statement closes when a cardholder can pay the new balance without purchase interest. The length and rules of this period come from the card agreement. Maya reads her statement because the due date and grace-period terms tell her how to avoid extra costs.
- ② If Maya pays only part of the balance by the due date, the unpaid amount usually carries into the next billing cycle. The issuer charges interest on that carried balance, often each month. Interest is a cost of borrowing money, so her earlier bookstore purchase ends up costing more than its price tag. A larger unpaid balance, a longer time carrying it, and the card's annual percentage rate can all affect the interest amount. The statement shows the required minimum payment, but paying only that minimum does not normally stop interest.
- ③ To avoid purchase interest, Maya plans to pay the entire statement balance by the due date, as long as her card agreement provides a grace period and she meets its conditions. Paying in full means covering all purchases shown on that statement, not just the minimum payment. She can compare her bank account with the statement before paying, set a payment reminder, and schedule the payment early. If she cannot pay in full, she should understand that the remaining balance may create monthly interest charges. Checking the agreement helps her know the specific grace-period deadline.

2 ANSWER WITH EVIDENCE _____ Use the passage

1 What usually happens to the part of Maya's balance that she does not pay by the due date?

2 Why can Maya's bookstore purchase cost more than the price tag if she carries a balance?

3 How is paying the minimum payment different from paying the entire statement balance?

4 Name two actions Maya can take to help make a full payment within the grace period.

3 YOUR TURN _____ Your own words

Jordan's statement balance is \$240, and Jordan has enough money to pay it. Write exactly 3 numbered sentences describing a plan for avoiding purchase interest, including what Jordan should check, pay, and do before the grace-period deadline.

PART 1 • READ AND MARK

Underline details that explain how carrying a balance increases a purchase's cost, and circle actions that help a card user avoid purchase interest. Accept any marking that follows this job and points at the right text.

PART 2 • ANSWERS

#	QUESTION	ANSWER
1	What usually happens to the part of Maya's balance that she does not pay by the due date?	The unpaid amount carries into the next billing cycle, and the issuer charges interest on it.
2	Why can Maya's bookstore purchase cost more than the price tag if she carries a balance?	Interest is a cost of borrowing money, so monthly interest on the unpaid balance adds to the purchase cost.
3	How is paying the minimum payment different from paying the entire statement balance?	The minimum payment is only the required amount. Paying the entire statement balance covers all purchases on the statement and can avoid purchase interest when grace-period conditions are met.
4	Name two actions Maya can take to help make a full payment within the grace period.	She can compare her bank account with the statement, set a payment reminder, schedule the payment early, or check the card agreement for the deadline.

PART 3 • YOUR TURN (SAMPLE ANSWER)

1. Jordan will check the card agreement for the grace-period deadline and confirm that the statement balance is \$240. 2. Jordan will schedule a \$240 payment before that deadline, rather than send only the minimum payment. 3. Paying the entire statement balance within the grace period avoids purchase interest if Jordan meets the card's conditions.

Accept equivalent explanations that connect an unpaid balance to monthly interest and a higher total purchase cost. For the open response, accept any three-step plan that includes checking the terms, paying the full statement balance, and paying within the applicable grace period.