Beyond the Rate

Compare credit offers using costs, payment schedules, and source documents.

9-12.EC.17 "Research and analyze information on credit options available to consumers."

NAME _____ DATE _____

1 READ AND MARK

Read it twice

YOUR JOB Underline the source Maya uses for each offer, circle every cost or payment term, and number the three credit options. Use your marks to compare what each option would require.

A Laptop on Credit

1. Maya, 18, needs a $900 laptop for paid design projects. She can afford about $85 a month after rent and food, but she has little cash today. A search result promises "easy payments" without listing the full cost. Instead of relying on that ad, Maya checks the current disclosures on a credit union's site, a card issuer's pricing page, and a buy now, pay later provider's checkout terms. She also reads a Consumer Financial Protection Bureau guide to learn which fees and payment rules to look for. Offers can change, so she saves the date and terms she finds.

2. The credit union offers Maya a $900 personal loan at a fixed 12% annual percentage rate (APR), repaid in 12 monthly payments of about $80, with no origination fee. The card issuer offers a $900 purchase at a variable 24% APR and requires a minimum monthly payment of $30. Its disclosure says interest on purchases can be avoided when the full statement balance is paid by the due date under the card's grace period rules. Maya's $85 budget would not cover paying off $900 in one month. Paying only the card minimum would leave a balance that can accrue interest.

3. The buy now, pay later offer divides $900 into four $225 payments: one today and three every two weeks. It charges no interest if payments are on time, but its terms list a $10 late fee for a missed payment. Maya compares total cost with payment timing, not just the advertised rate. She checks whether the loan's monthly bill fits her budget, whether she could make the first $225 payment, and how an unpaid card balance could grow. Before applying, she would confirm the final terms with each provider, since approval and offered rates can depend on the applicant.

2 ANSWER WITH EVIDENCE

Use the passage

1. Where should Maya verify the loan's APR and the installment plan's late fee? Why is the search ad less useful for this comparison?

2. Compare the personal loan and buy now, pay later plan against Maya's budget. Which payment schedule appears easier for her to meet, and why?

3. The card's $30 minimum is lower than the loan's monthly payment. Why does that fact alone not make the card the cheaper option?

4. What information would Maya need to estimate the card's total cost and compare it with the loan's total cost?

3 YOUR TURN

Your own words

Your cousin needs a $900 work laptop, has $250 today, and can set aside $250 every two weeks for the next six weeks. In 4 to 5 sentences, recommend one option from the passage, compare it with another, and name a term your cousin should confirm in the provider's current disclosure before signing.

Beyond the Rate

PART 1 · READ AND MARK

Underline the source Maya uses for each offer, circle every cost or payment term, and number the three credit options. Use your marks to compare what each option would require. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	Where should Maya verify the loan's APR and the installment plan's late fee? Why is the search ad less useful for this comparison?	**She should check the credit union's current disclosure for the APR and the buy now, pay later provider's checkout terms for the late fee. The ad does not list the full cost.**
2	Compare the personal loan and buy now, pay later plan against Maya's budget. Which payment schedule appears easier for her to meet, and why?	**The loan's payments of about $80 a month fit her $85 monthly budget. The other plan requires $225 today and three more $225 payments every two weeks, which may be difficult with little cash today.**
3	The card's $30 minimum is lower than the loan's monthly payment. Why does that fact alone not make the card the cheaper option?	**Paying only $30 would leave a balance that can accrue interest at a variable 24% APR. The loan has a fixed 12% APR and a set 12-month repayment schedule.**
4	What information would Maya need to estimate the card's total cost and compare it with the loan's total cost?	**She would need to know how much she would pay toward the card each month and what APR would apply while she carried a balance. She would also need the loan's exact payment amounts.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

I would choose the buy now, pay later plan because my cousin can pay $225 today and at each of the next three two-week due dates. If every payment is on time, that plan charges no interest, while the credit union loan charges 12% APR. Missing a payment could trigger a $10 late fee, so the payment schedule matters as much as the rate. Before signing, I would confirm the exact due dates and late-fee rule in the provider's current checkout terms.

Accept a different recommendation if the response uses the cousin's stated cash flow, accurately compares two passage options, and identifies a relevant term to verify in a current provider disclosure. Do not accept a claim that the card's minimum payment represents its total cost.