LESSON MAKER PRO

Credit Cost Check

Find the charge, then find the bill.

HIGH SCHOOL · MA.912.FL.3.6

MA.912.FL.3.6 "Calculate the finance charges and total amount due on a bill using various forms of credit using estimation, spreadsheets and other technology."

NAME _____ **DATE** _____

FINANCE CHARGE FORMULA

For a percent finance charge, multiply the balance or amount borrowed by the rate written as a decimal. Add the finance charge to the balance to find the total amount due. Round money to the nearest cent unless the problem asks for an estimate.

WORKED EXAMPLE

A store card has a $320 balance. Its monthly finance rate is 1.5%. Find the finance charge and total amount due.

1. Write 1.5% as 0.015.
2. Multiply: $320 × 0.015 = $4.80.
3. Add: $320 + $4.80 = $324.80.

Answer: Finance charge: $4.80; total amount due: $324.80.

PRACTICE 6 problems

1 A department store card has a $250 balance and charges 2% for the month. Find the finance charge and the total amount due.

ANSWER _____

2 A credit card statement shows a $180 balance subject to a monthly finance rate of 1.25%. Find the finance charge and the total amount due.

ANSWER _____

3 An installment loan for a gaming computer is $600. The lender adds an 8% finance charge for the full loan term. Find the finance charge and total amount repaid.

ANSWER _____

4 A payday advance gives a borrower $150. The fee is $9 for each $100 borrowed or part of $100 borrowed. Find the finance charge and the amount due.

ANSWER _____

5 Estimate to the nearest dollar. A card balance is $475, and the monthly finance rate is 1.8%. Estimate the finance charge and total amount due.

ANSWER _____

_____

6 A student finances an $800 band instrument for 3 months at 6% simple interest per year. Find the finance charge and total amount due. Use 3/12 for the time in years.

ANSWER _____

_____

APPLY IT Show your work

1 Maya is buying a $900 laptop. Plan A is a 6-month store plan with a 10% add-on finance charge for the term. Plan B is a 12-month credit-union plan with a 4% add-on finance charge for the term. Find the total amount due for each plan. Which plan has the lower total amount due, and by how much?

WORK SPACE

ANSWER _____

2 Alex used a credit card to buy athletic shoes and a bus pass. The statement data appear in the table. The issuer charges the monthly rate on the balance subject to finance charge. Round the finance charge to the nearest cent. Find the finance charge and the new total due.

ALEX'S CREDIT CARD STATEMENT

Statement item	Amount
Previous balance	$360.00
New purchases	$84.00
Payments and credits	-$120.00
Balance subject to finance charge	$324.00
Monthly finance rate	1.4%

ANSWER _____

CHALLENGE One step up

A credit card uses average daily balance to calculate its monthly finance charge. In a 30-day cycle, the balance was $400 for the first 12 days. A $150 payment then reduced it to $250 for the remaining 18 days. There were no other transactions. The monthly finance rate is 1.2%. Find the average daily balance, finance charge, and total due by adding the charge to the ending balance.

WORK SPACE AND ANSWER

ANSWER KEY

Credit Cost Check

HIGH SCHOOL · MA.912.FL.3.6

PART 1 · PRACTICE

#	PROBLEM	ANSWER
1	A department store card has a $250 balance and charges 2% for the month. Find the finance charge and the total amount due.	**Finance charge: $5.00; total amount due: $255.00.**
2	A credit card statement shows a $180 balance subject to a monthly finance rate of 1.25%. Find the finance charge and the total amount due.	**Finance charge: $2.25; total amount due: $182.25.**
3	An installment loan for a gaming computer is $600. The lender adds an 8% finance charge for the full loan term. Find the finance charge and total amount repaid.	**Finance charge: $48.00; total amount repaid: $648.00.**
4	A payday advance gives a borrower $150. The fee is $9 for each $100 borrowed or part of $100 borrowed. Find the finance charge and the amount due.	**Finance charge: $18.00; amount due: $168.00.**
5	Estimate to the nearest dollar. A card balance is $475, and the monthly finance rate is 1.8%. Estimate the finance charge and total amount due.	**Estimated finance charge: $9; estimated total amount due: $484.**
6	A student finances an $800 band instrument for 3 months at 6% simple interest per year. Find the finance charge and total amount due. Use 3/12 for the time in years.	**Finance charge: $12.00; total amount due: $812.00.**

PART 2 · APPLY IT

1. **Plan A total amount due: $990.00. Plan B total amount due: $936.00. Plan B has the lower total amount due by $54.00.** Plan A has a $90.00 finance charge, and Plan B has a $36.00 finance charge. Add each charge to $900, then compare the totals.
2. **Finance charge: $4.54; new total due: $328.54.** Multiply $324.00 by 0.014 to get $4.536, which rounds to $4.54. Add $4.54 to the balance subject to finance charge.

CHALLENGE

Average daily balance: (400 x 12 + 250 x 18)/30 = $310.00. Finance charge: 310 x 0.012 = $3.72. Ending balance: $250.00; total amount due: $253.72.

Accept equivalent multiplication setups, including percent, decimal, or fraction forms. For money answers, accept a missing dollar sign if the amount and rounding are correct.