3-5
CREDIT CARDS

OBJECTIONS

You will need:
• Student Notes
• Calculator
• Textbook
• Notebook Paper
• Pen or Pencil

Determine advantages and disadvantages of credit cards.
Compute credit card finance fees.
What are the advantages of using credit cards?

- No need to carry a lot of cash
- If used correctly it improves your credit score
- You have a written record of your purchase
- Reward programs
  - Cash back
  - Frequent Flyer Miles
What are the disadvantages of using credit cards?

- Impulse buying
- If used incorrectly it damages your credit score
- Getting into deep debt
- Finance charges
Frank lost his credit card in a local mall. He notified his creditor before the card was used. However, later in the day, someone found the card and charged $700 worth of hockey equipment on it. How much is Frank responsible for paying?

- You are not responsible for any charges that occur AFTER you notify the company.
- You are responsible up to a maximum of $50 for any charges that occur before you notify the company.

Frank pays $0
Example 1 - You try it!

Carrie’s credit card was stolen. She didn’t realize it for days, at which point she notified her creditor. During that time, someone charged $2,000. How much is Carrie responsible for paying?

$50
Rebecca pays a finance charge on her average daily balance of $1,441.60. Her APR is 18%. What is her finance charge for this billing cycle?

Finance Charge = \( \frac{\text{annual rate}}{12} \times \text{Average Balance} \)
= \( \frac{0.18}{12} \times 1,441.60 \)
= $21.62
Please work on your assignment. It is due at the end of next class.

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<tr>
<th>Grade goes here</th>
<th>Read Pg: 179 to 183</th>
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<tbody>
<tr>
<td></td>
<td>Do Pg 184: #2-4, 5b (ADB:$1,480.78), 8, 9c (ADB:$5,712.04), 9e (ADB:$878.71), 10f, 11, 14a</td>
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A:3-5