

Name _____

Financial Math

Credit Card Assignment #4

On November 21st, Xavier is alarmed to get a credit card bill for \$6000! Xavier knows he can afford \$750 each month toward the credit card bill. If Xavier’s credit card charges 26% interest, complete the chart below:

Month	Beginning Balance	Amount Paid	Outstanding Balance	Interest Calculated	Ending Balance

1. Find how long it takes to pay the credit card bill off _____
2. What is the total cost of the bill to Xavier? _____

Xavier instead inquires about a balance transfer for a new credit card. The new credit card will offer 0% interest for the first 9 months, but will charge a \$100 transfer fee. If Xavier immediately transfers his balance before he makes any payments on the old credit card, complete the new chart

Month	Beginning Balance	Amount Paid	Outstanding Balance	Interest Calculated	Ending Balance

- 1) Does Xavier pay the credit card off any sooner if he transfers his balance?
- 2) If you include the balance transfer fee, does Xavier save any money by transferring his balance? Yes/No If so, how much? _____
- 3) Knowing that a balance transfer would lower his credit score for about 1 year, do you think Xavier saves enough money to make the transfer worth it? _____