Credit Concepts to Know & Do

Practical

- Calc loan payment
- Calculate interest paid
- Calculate store payment plan
- 2 pricing "cash" vs "plan"
- Calc credit card balance
- Calc credit card interest

Theory

% rate matters

Watch what happens if you miss the deadline.

Pay monthly balance ALWAYS!
Bob has a $1200 balance on his Mastercard. He purchases $200 this month. He makes a payment of $800. The interest is $18.00. Calculate Bob's new balance.
Bob owes $618 on his Apprenticeship MB credit card. How much interest will be added to his balance in 30 days?

\[ P = 618 \]

\[ t = \frac{30}{365} \]

\[ r = 29.99\% \]

\[ n = 365 \]

\[ n^t = 365 \times \frac{30}{365} \]

\[ A = P \left(1 + \frac{r}{n}\right)^{nt} \]

\[ = 618 \left(1 + \frac{0.2999}{365}\right)^{30} \]

\[ = 633.42 \]

\[ \frac{-618}{\$15.42} \]
Credit Card Balance

Old Balance / Previous Bal.

+ Purchases

- Payments

+ Interest

= New Balance