Name: _____

Credit Cards

Jose wants to buy a cell phone. He has three credit card options and wants to calculate how much each option will cost.

The first option has a lower monthly payment, but it will take him longer to pay off the credit card. The second option starts off with a 0% interest rate but increases to 14.99% after six months. His payments are slightly higher, but it will take him fewer months to pay for the cell phone. In the third option, he has a higher interest rate, higher monthly payments, but he will pay the cell phone off sooner.

Purchase Amount	Credit Card Annual Percentage Rate (APR)	Minimum Monthly Payment	Number of Months to pay off the balance	How much will the total interest be?	Final cost of Cell Phone
$500.00	18.9%	$25.00	43 months		
$500.00	0% for first 6 months, then 14.99%	$32.00	30 months		
$500.00	24%	$40.00	27 months		

1. What conclusions can you draw from this information?

2. What life lesson have you learned that you will want to remember when you are old enough to have your own credit card?