

**It's shopping time!**

- For this part of the activity, you will need:
  - A number of credit card bills (from worksheet #1)
  - A few current flyers and advertisements
  - Interactive spreadsheet may be used (if available)
- Randomly draw three cards
  - Interest rate card** (between 6.5% and 24%)
  - Credit limit cards** (between \$4000 - 10 000)
  - Monthly take-home salary cards** (between \$1800 and \$4000)
- When calculating interest on your monthly bill, calculate the interest for the entire month instead of to the exact purchase date. This will allow you to understand the effects of purchasing on credit without getting caught up in the calculations.
- You will need at least 10 blank credit card bills.
- You will also need local flyers and advertisements so that you may “shop” and select items for purchasing.
- You must make a minimum of 2 purchases per month for 3 months (minimum of \$800/month total)
- You may purchase any amount during the 4<sup>th</sup> month.
- Create complete credit card bills, which reflect these transactions
  - Dates and particulars of purchase should be included
  - Payments should also be recorded and are up to the discretion of the student
  - Plan on paying no more than 10 % of your monthly salary on credit card balances
  - You must always make at least the minimum payment.
- Make no further purchases after four months, but devise a schedule to allow for the bill to be completely paid within the next 8 - 12 months (again with the limitation that no more than 10% of your salary be used).
- If you are unable to pay off your bill, discuss your options with the teacher.
- Answer the following question (all students).

**Will credit card companies give you credit limits higher than you can realistically deal with? Explain why or why not.**

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<u>Interest Rate</u> 9.9 %	<u>Credit Limit</u> \$3250	<u>Take Home Salary</u> \$1800
<u>Interest Rate</u> 10.9 %	<u>Credit Limit</u> \$3500	<u>Take Home Salary</u> \$1850
<u>Interest Rate</u> 12.5 %	<u>Credit Limit</u> \$4000	<u>Take Home Salary</u> \$1900
<u>Interest Rate</u> 12.9 %	<u>Credit Limit</u> \$4600	<u>Take Home Salary</u> \$2000
<u>Interest Rate</u> 13.5 %	<u>Credit Limit</u> \$4900	<u>Take Home Salary</u> \$2250
<u>Interest Rate</u> 13.9 %	<u>Credit Limit</u> \$5500	<u>Take Home Salary</u> \$2300

<u>Interest Rate</u> 14.5 %	<u>Credit Limit</u> \$6000	<u>Take Home Salary</u> \$2400
<u>Interest Rate</u> 14.9 %	<u>Credit Limit</u> \$6500	<u>Take Home Salary</u> \$2450
<u>Interest Rate</u> 16.9 %	<u>Credit Limit</u> \$6900	<u>Take Home Salary</u> \$2500
<u>Interest Rate</u> 17.5 %	<u>Credit Limit</u> \$7000	<u>Take Home Salary</u> \$2750
<u>Interest Rate</u> 18.5 %	<u>Credit Limit</u> \$7400	<u>Take Home Salary</u> \$3000
<u>Interest Rate</u> 19.9 %	<u>Credit Limit</u> \$8000	<u>Take Home Salary</u> \$3200

Interest Rate  
20.5 %

Credit Limit  
\$8300

Take Home Salary  
\$3500

Interest Rate  
22.2 %

Credit Limit  
\$9000

Take Home Salary  
\$3750

Interest Rate  
23.9 %

Credit Limit  
\$10000

Take Home Salary  
\$4000