
Minimum Payments on Credit Cards

On the hottest day of the year, Marta's air conditioner broke. Marta decided it was an emergency. So she went to the store to buy a new air conditioner. Marta didn't have enough _____, so she used her _____. The air conditioner cost _____. That evening, her family was cool and happy.

The next month, Marta got her credit card _____ for the \$300 air conditioner. Marta had it in her budget to pay _____ each month until she finished _____ for the air conditioner. \$15 was her _____ payment.

Then, every month, Marta sent the minimum payment. But Marta's _____ didn't go down \$15 each month. The credit card company added _____ to her balance every month. The annual _____ on Marta's credit card was _____. So the _____ added interest to Marta's balance every month.

It took Marta more than _____ to pay for the air conditioner, because she paid only the minimum _____. At the end of 2 years, Marta had paid \$382: _____ for the air conditioner and _____ in interest.

Minimum Payments on Credit Cards - Answer Key

On the hottest day of the year, Marta's air conditioner broke. Marta decided it was an emergency. So she went to the store to buy a new air conditioner. Marta didn't have enough cash, so she used her credit card. The air conditioner cost \$300. That evening, her family was cool and happy.

The next month, Marta got her credit card bill for the \$300 air conditioner. Marta had it in her budget to pay \$15 each month until she finished paying for the air conditioner. \$15 was her minimum payment.

Then, every month, Marta sent the minimum payment. But Marta's balance didn't go down \$15 each month. The credit card company added interest to her balance every month. The annual interest rate on Marta's credit card was 23 percent. So the credit card company added interest to Marta's balance every month.

It took Marta more than 2 years to pay for the air conditioner, because she paid only the minimum payment. At the end of 2 years, Marta had paid \$382: \$300 for the air conditioner and \$82 in interest.