The Pitfalls of Credit Cards
Quiz $$$$$

Unit Quiz
Student Name:

Instructions: This is an online test. You will have 20 minutes to answer the following questions and then turn in your quiz. For the Multiple Choice section of the test, please use the credit card calculator at bankrate.com to answer the questions.

Fill in the Blank:
For each of the following questions fill in the correct response.

1. Based on what you have learned about interest rates, as the interest rate **increases** the amount of the minimum payment **increases**.
2. On what you have learned about variable and fixed interest rate credit cards, which type of card, might you expect to pay less in interest over the long run? **Fixed Rate Card**
3. A **Fixed** rate credit card means that the interest set at one particular rate.

Multiple Choice:
- Use the bankrate.com calculator to answer the following questions.

Bankrate.com Calculator

4. Given a credit card balance of $3,500 with an interest rate 13% and a minimum payment rate of 5%, how much interest will you end up paying by only making the monthly payment?
   a. $653.34
   b. $939.33
   c. $1343.43
   d. $1321.23

5. Using the information from problem #4, how many months will it take to pay off the debt making the minimum monthly payment?
   a. 12 months
   b. 38 months
   c. 67 months
   d. 95 months

6. Using the information from problem #4, what would be the minimum payment amount?
   a. $125
   b. $175
   c. $250
   d. $300
7. Given a credit card balance of $7,500 with an interest rate 34% and a minimum payment rate of 5%, how much interest will you end up paying by only making the monthly payment?
   a. $8,234.23
   b. $9,645.29
   c. $13,430.43
   d. $16,210.23

8. Using the information from problem #7, how many months will it take to pay off the debt making the minimum monthly payment?
   a. 107 months
   b. 165 months
   c. 187 months
   d. 196 months

9. Using the information from problem #7, what would be the minimum payment amount?
   a. $200
   b. $250
   c. $375
   d. $500

True / False: (Circle the correct Response)

10. Making only the minimum monthly payment will get you out of debt quicker? T F
11. Banks are required to keep the interest rate at a fixed after you miss a payment? T F
12. The higher the interest rate, means you will pay less interest in the long run? T F
13. Paying down on the principal will get you out of debt faster? T F
14. You should pay off your credit card bill every month? T F
15. Paying on time will cause the credit card rate to increase? T F

Essay:

Based on everything that you have learned in this lesson plan, please tell me at least one very important lesson that you learned from this block of instruction. Keep your answer to 250 words or less.

Example answer: By making only the minimum month credit card payment, you might never ever pay down the interest thus you would be paying the credit card companies until the day you die. You need to pay down on the principal and make more than the month minimum down payment.