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# MONEY BUZZ

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**Teaching Students to Save**



**WORKBOOK: 7th Grade  
LESSON 1**

# The Credit Card Buzz I

## Visa® Signature Card

IBC offers a Visa card with competitive rates, expanded purchasing power, rich rewards, and elite Card Member Service. It has no annual fee and pays 1% cash back on purchases. The first 6 billing cycles are charged 0% APR. The interest rate is 9.99% - 20.99% after the first six months. You must be 18 years of age to apply and have a U.S. address and Social Security number.

### Complete the following application.

*First Name*

*M.I.*

*Last Name*

*Social Security Number*

 —  — 

*Date of Birth: MM/DD/YYYY*

 /  / 

*Home Phone*

 —  — 

*Cell Phone*

 —  — 

*Email Address*

### Permanent Address

Street Address (Do not use P.O.)

Apt/Unit #

City

State

Zip Code

Country

Time at address

Monthly Payment

Own/Rent

## Authorized User Information

You may request a card be issued on your Visa® Signature Card account to a person you authorize to use your account. This person is called an Authorized User. You **agree to be responsible** for all transactions the Authorized User makes on your account. (Please leave blank if no additional card is requested.)

First Name

M.I.

Last Name

Social Security Number

 —  — 

### Answer the following questions concerning the application.

1. Why do you think the bank asks for your social security number?
2. Why do you think the bank asks for your telephone number?
3. What is a “permanent address”?
4. Why do you think the bank asks for your monthly housing payment?
5. Give an example of someone you would list under “Authorized User Information” and tell why you would list them.

## The Credit Card Buzz II

The cost of owning a credit card can sometimes put a dent in your budget. Below is a credit card statement. Use the statement to answer the questions.

### Credit Card Statement

**Send payment to:**  
**PO Box 555**  
**Anytown, TX 55566**

<b>Account Number</b>	<b>Name</b>	<b>Statement Date</b>	<b>Payment Due</b>
12345-678-9	Sam Student	1/15/2011	2/14/2011

<b>Credit Line</b>	<b>Credit Available</b>	<b>New Balance</b>	<b>Minimum Payment</b>
\$2500	\$1200	_____	\$33.00

Reference	Date	Posted	Activity	Amount
		12/13/10	Payment – Thank you	(\$20.00 )
839483BBDE	12/19/10	12/20/10	Fred’s Auto Repair	\$543.69
8938438DEG	12/29/10	01/01/11	Jaime’s Video Store	\$32.87
3934039GRK	01/01/11	01/02/11	The Fruit Store	\$129.32
3928493DKF	01/03/11	01/05/11	Flowers For You	\$45.00

Previous Balance	(+)	\$372.00	Current Amount Due	_____
Purchases	(+)	\$750.88	Amount Past Due	
Cash Advances	(+)		Amount Over Credit Line	
Payments	(-)	20.00	Minimum Payment Due	\$ 33.00
Finance Charge	(+)	_____		
Late Charge	(+)	_____		
New Balance	(=)	_____		

#### FINANCE CHARGE SUMMARY PURCHASESADVANCES

Periodic Rate	1.5%	1.5%
Annual Percentage Rate	18%	18%
Daily Interest Rate	0.06%	0.06%

1. What is the interest rate on the credit card?
2. Interest is only charged on the Previous Balance. How much interest is charged on this amount? Compute interest with the following method.

Divide the interest rate by 365 days. (.18 / 365) \_\_\_\_\_

Multiply that amount by 30 days in a month. \_\_\_\_\_

Multiply that decimal answer by the Previous Balance. \_\_\_\_\_

3. What is the New Balance? (Add the interest and New Purchases to the Previous Balance. Don't forget to subtract your Payments.)

*Previous Balance* \_\_\_\_\_ (+)

*New Purchases* \_\_\_\_\_ (+)

*Interest* \_\_\_\_\_ (+)

*Total* \_\_\_\_\_ (=)

*Payments* \_\_\_\_\_ (-)

*New Balance* \_\_\_\_\_ (=)

4. What will be your new balance if you make the \$33 minimum payment?
5. If you don't use this credit card again but continue to make \$33 minimum payments, how long do you think it will take to pay it off?

# Open A Free Minor Savings Account.



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For more information, visit your neighborhood IBC Bank branch.

For branch locations visit [www.ibc.com](http://www.ibc.com).

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