

Worksheet 3.4 Credit Cards

1. Assume that you have a credit card with the following terms:
 - The APR is 14.24%.
 - The minimum payment required is the interest accrued that month plus 1% of the rest of the balance. However, if this formula yields a minimum payment that is less than \$15, the minimum payment will be \$15.
 - (a) Answer question #3 on page 92.
 - (b) Answer question #4 on page 92. Print out the first and last pages of your spreadsheet, and indicate what the answers are for the two questions asked.

2. Many current credit cards have interest rates that are connected to or determined by the U.S. Prime Rate. Answer the following, and INDICATE THE SOURCE(S) OF YOUR INFORMATION AND WHY THE SOURCE IS CREDIBLE. Hint: Wikipedia is not a credible source. If you need to review what makes a source credible, refer to <http://libguides.uky.edu/content.php?pid=52543&sid=553423>.
 - (a) What is the current value of the U.S. Prime Rate?
 - (b) How is the U.S. Prime Rate calculated?
 - (c) Find a chart representing the history of the values of the U.S. Prime Rate. Is the U.S. Prime Rate currently low or high, historically speaking? If the Prime Rate were to change, would it likely go up or down?