Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

***Problem Set 6.3: Credit Cards***

**Problem 1: REGINALD**

1. Reginald is in his mid thirties and just bought a new home a few years ago. He loves everything about his house, but he needs a new AC unit. They are pretty expensive, but the summer is coming and he doesn’t think he can stand the Charleston heat without it. He gets a quote on a new unit and it will cost him $9434. He has $3000 in his savings account go put towards the new AC unit, but he will have to put the rest on his credit card. He has good credit, so the interest rate he has is 20.9%. What should he pay each month if he wants to pay off the credit card in 24 months? (Assume he makes no other charges on this card in that year). How much total interest will Reginal pay?

Monthly Payment: \_\_\_\_\_\_\_\_**$330.29**\_\_\_\_\_\_\_ Interest Paid: \_\_\_\_\_\_**$1493.18**\_\_\_\_\_\_\_\_\_\_\_\_\_

**Problem 2: SAMANTHA**

2. Samantha is a single mother with two children ages 7 and 9. She works full time and must find somewhere for her children to go during the summer months while they are not in school. She finds a great summer camp organization that has spaces available for both children, but it is very expensive. She cannot afford to pay for the whole 10 weeks of summer upfront, so she decides to put the summer camp on a credit card. Each week will cost $438 per child and she has to pay for 9 full weeks of camp (she will be taking one week off to take her kids up to Virginia to see her parents). Samantha has excellent credit, so her interest rate is only 17.6%. Samantha’s goal is to pay off this credit card before she will likely have to do this again next summer, so she has 12 total months. What should Samantha pay each month in order to reach her goal? How much total interest will she pay?

Monthly Payment: \_\_\_\_\_\_\_\_**$721.31**\_\_\_\_\_\_\_ Interest Paid: \_\_\_\_\_\_**$771.66**\_\_\_\_\_\_\_\_\_\_\_\_\_