

Name _____ Period _____

Calculate the cost of credit, over the life of the loan, for three different types of purchases.

Calculate the Cost of Credit

Go to the website: <http://FinAid.org>

Go to finance calculate to calculate the cost of credit.

Make sure you change the years to months when you enter it into the computer.

The remaining balance on the loan would be the amount you have left to pay after you pay the down payment. For example: if you bought a stereo for \$1000.00 and you put a down payment on it of \$200.00 you only have a loan amount for \$800.00. This is the amount you would figure for your loan.

Once you enter the numbers hit calculate. It will give you two different numbers. One is the amount of the loan that is interest, and the other is the total amount you pay in the end after everything is paid off.

Item Purchase	Cash Price	Down Payment	Interest Rate	Months Financed	Monthly Payment	Total Price Using Credit	Cost of Credit
Appliances	\$1,200	\$200	10%	12	\$88		
Appliances	\$1,200	\$200	18%	12	\$92		
Furniture	\$3,500	\$500	10%	24	\$138		
Furniture	\$3,500	\$500	18%	24	\$150		
Car	\$7,500	\$500	8%	36	\$219		
Car	\$7,500	\$500	12%	36	\$223		
Car	\$15,000	\$1,000	8%	48	\$342		
Car	\$15,000	\$1,000	12%	48	\$369		
Home	\$110,000	\$10,000	8%	360	\$734		
Home	\$110,000	\$10,000	10%	360	\$878		
Home	\$225,000	\$25,000	8%	360	\$1,468		
Home	\$225,000	\$25,000	10%	360	\$2,936		