

Name _____

Period _____

Vocabulary Financial Contracts Student Worksheet

PRIMARY VOCABULARY

1. Contracts:

2. Disclosure:

3. Grace Period:

4. Late payment penalties:

a. Late Fees:

b. Finance Charges:

c. Increased Interest Rate:

8. Balance Calculation Method:

a. Average daily balance excluding new purchases:

b. Average daily balance including new purchases with a grace period:

c. Average daily balance including new purchases with no grace period:

d. Two-cycle average daily balance including new purchases:

Option 2 Vocabulary Teacher Key

Vocabulary Financial Contracts

Teacher Key

PRIMARY VOCABULARY

1. Contracts: An agreement between two or more parties that is written and enforceable by law.

2. Disclosure: Provides full information about a financial institution's policies, such as electronic funds transfer policies, lending policies, interest crediting, and compliance with banking regulations. These statements are required by law

3. Grace Period: The time between the billing date and the payment due date when no interest is charged

4. Late payment penalties:

a. Late Fees: A fee charged when a cardholder does not make the minimum monthly payment by the due date is in a credit card

b. Finance Charges: The amount to be charged for use of a credit card.

c. Increased Interest Rate: The interest rate charged to the person on the amount borrowed in terms of per dollar per year increases.

5. Balance Calculation Method: The method used to determine the balance for which finance charges are accumulated

a. Average daily balance excluding new purchases-Interest is only paid on the previous balance, not on purchases made since the last payment.

b. Average daily balance including new purchases with a grace period-If the balance is not zero, interest is applied to new purchases when they are made.

If the balance is zero, a grace period is allowed before interest is charged.

c. Average daily balance including new purchases with no grace period-

Regardless of the previous month's balance, interest is applied to new purchases as they are made.

d. Two-cycle average daily balance including new purchases-This method should be avoided by consumers, as it is the least-beneficial. The average daily balance is determined