

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

Date: \_\_\_\_\_

## FINANCIAL MATH

### Credit Study Guide

**Credit vocabulary: Be sure you know the definition of the terms below.**

- a. Annual fee
- b. Annual percentage rate (APR)
- c. Credit line
- d. Cash back/rewards
- e. Balance
- f. Minimum payment

**What items go into a credit score? Name 4 ways you can improve your credit score**

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**What is the 20/10 rule? Describe and give an example**

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***BE SURE THAT YOU HAVE THE HANDOUT FOR THE SIMPLE AND COMPOUND INTEREST FORMULAS AND THAT YOU CAN IDENTIFY HOW TO SET UP THE EQUATION!!!***

**SIMPLE INTEREST: Use the Simple Interest Formula to solve these problems:**

1. If you borrow \$650 for six years at an interest rate of 9%, how much interest will you pay?

2. If you borrow \$1,800 for six years at an interest rate of 4.5%, how much interest will you pay?
3. If you borrow \$2,200 for seven years at an interest rate of 4%, how much interest will you pay?

**COMPOUND INTEREST: Use the Compound Interest Formula to solve these problems:**

1. You borrowed \$5,000 for 2 years at 18.6% which was compounded annually. What total will you pay back?
2. You want to buy a car and you borrow \$1,900 for 3 1/2 years at 4.2% compounded **semi annually**. What total will you pay?
3. Your 15 year student loan of \$36,300 is at 6.1% interest compounded annually. How much will you have paid in total for your loan?