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|  | *NGPF Activity Bank**Types of Credit* |

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FINE PRINT: Schumer Box

In this activity, you will explore a credit card agreement, called a Schumer Box, in more detail to understand its various components. Then, you will answer questions using the sample Schumer Box below.

### **Part I: Read The Fine Print**

### Analyze this sample Schumer Box and answer the questions that follow.

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1. What is the APR (interest rate) on this card for Purchases made during the first six months that a cardholder has this card?
	1. 0%
	2. 15.24%
	3. 23.24%
	4. 25.24%
2. Jordan gets confused and uses his credit card to get $40 in cash from an ATM instead of using his debit card. Based on this agreement, what is the impact of this decision?
	1. There is no impact since credit card and debit card terms tend to be the same.
	2. A $10 cash advance fee will be charged ONLY.
	3. An A.P.R. of 25.24% will be applied on the $40 until it is paid back ONLY.
	4. A $10 cash advance fee will be charged AND an A.P.R. of 25.24% will be applied on the $40 until it is paid back.
3. Assume that Louisa carried an average balance of $1,000 from her credit card purchases over the past year. The A.P.R. on her credit card for the past year was 19.99%. Approximately how much interest would Louisa have paid over the course of the year?
	1. She would have paid interest charges of $2,000.
	2. She would have paid interest charges of $20.
	3. The credit card company would have paid Louisa $20.
	4. She would have paid interest charges of $200.
4. After the introductory period, all consumers who have this Platinum Card will...
	1. Pay the same A.P.R.
	2. Qualify for an A.P.R. based on their creditworthiness
	3. Pay the Penalty A.P.R. of 30.24%
	4. Be charged an Annual Fee
5. As you will see from this agreement, there are different A.P.R.s applied based on how the credit card is used. Which transaction type has the highest A.P.R.?
6. A.P.R. triggered by a late payment
7. A.P.R. applied on Purchases made during the Introductory Period
8. A.P.R. applied to a Balance Transfer
9. A.P.R. applied to a Cash Advance
10. Devon forgets to pay his credit card bill for three months. Which of the following statements is TRUE?
	1. A Late Payment fee will not be charged to his account.
	2. A Balance Transfer fee will be charged to his account.
	3. His A.P.R. (interest rate) will rise to 30.24% until he pays back the amount he owes.
	4. His A.P.R. (interest rate) will rise to 30.24% and stay there until he makes six consecutive minimum payments.
11. Tamara goes on a spring break trip with her school to visit historical sites in Italy. She purchases $200 of souvenirs while on the trip. She gets back to the U.S. and opens her credit card statement. What will be the balance in her account, assuming she had a zero balance prior to making these purchases and didn't make any other purchases?
	1. $0.00
	2. $200.00
	3. $206.00
	4. $6.00
12. All of the following actions lead to the payment of a credit card fee EXCEPT...
	1. Using your credit card to get cash from an ATM.
	2. Using your credit card to purchase items in a foreign country.
	3. Paying your credit card bill ten days after the Due Date.
	4. Paying your credit card bill in full and on time every month.
13. Josephine decided to get this Platinum card since she saw the ads touting the "0% A.P.R. Platinum. Sign Up Now." After reading this agreement, which of the following statements is TRUE?
	1. Her A.P.R will change after six months and be between 15.24% to 23.24% assuming that she has been making on-time payments during those first six months.
	2. She will not pay interest on any of the purchases she makes on this credit card for the first year.
	3. All her purchases on this credit card are FREE for the first six months.
	4. All her purchases on this card are FREE.
14. Which of the following statements is TRUE?
	1. Assume that Josie has had this credit card for a year. The A.P.R. on her card will remain the same as long as she has the card.
	2. If Josie misses a payment during the Introductory Period, her late payment fee will be waived for this period since she is a new customer.
	3. Assume that Josie only uses her credit card to make purchases. She pays the balance on her credit card in full and on time every month. As a result, she pays no interest to the credit card company.
	4. Josie pays an annual fee to use this credit card.

**Part II: What Did You Learn?**

Use what you learned from analyzing the credit card agreement to answer this question.

1. List three pieces of information listed in a credit card agreement that you believe are important to review before signing up for a credit card. Explain why you chose these three areas/fees.

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