

Beginning Basic Education (3.0) Fiction

“When you filled out the application for the credit card, did you read everything?” asked Sam.

“Well, maybe I read it, but I thought the \$500 limit was each month. I thought you could spend that much each month,” said Jan.

Sam took a deep breath. “Now you know that the credit card limit is the total amount that you can charge on that card, right? It’s not the amount each month.”

“Ok, let’s see how long it will take you to pay off the \$500 you owe,” Sam looked at the credit card bill.

“This is bad, Jan. “First, make no new charges on this card. Then each month if you pay only the minimum payment of about \$20, you will pay off the balance in about three years. You will pay a total of about \$686. That means you’ll be paying \$186 in interest on what you’ve borrowed.”

“But I didn’t borrow any money!” yelled Jan. She was getting mad.

“What do you think using a credit card is? It’s borrowing money to pay for something,” said Sam.

Jan didn’t say anything.

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