Teacher Answer Key

Case Study

1. He turned down the store card, which kept a 29.99% APR balance away from an emergency fund that was already thin after a car repair. He also chose the open-box tablet, which he could return at a nearby branch with no restocking fee and which carried full manufacturer coverage. The first cut his future cost risk to zero, the second lowered his effective price without giving up the warranty.

2. The $299 tablet with a $50 gift card looks like the biggest discount, but the gift card only counts if he spends it on groceries he was buying there anyway, and priced honestly it nets about $275 after tax. The store-card path fails the same way: the 15% off disappears the moment he carries a balance.

Multiple Choice

1. C

2. A

3. D

Matching

1-C, 2-A, 3-E, 4-B, 5-D

Fill-in-the-Blank

1) carry/revolve, 2) history, 3) unit

Short Answer (Sample Responses)

Q1: Method: compute effective price (tax, shipping, accessories); check price history; review return friction and warranty; assess quality reviews and needed specs; avoid required financing unless you'll pay in full.

Q2: Store A likely better expected value due to free returns and lower risk; Store B's $12 postage + tight window can erase savings if the coat doesn't fit or arrives late.

Q3: BNPL can be rational for a budgeted need (e.g., work shoes) when total is set aside, auto-pay is enabled, and no other BNPL plans are active; avoid if it strains cash flow or hides fees that raise the effective price.