Teacher Answer Key

Case Study

1. Maya charged $900, then only paid the minimum when other bills appeared. Because her card had a high APR, most of each minimum payment went to interest, so the balance stayed high instead of dropping quickly.

2. Minimum payments were small and easy to choose, but surprise expenses kept her from paying more. As a result, interest piled up and her holiday balance remained on the card for months instead of disappearing in February like she had planned.

Multiple Choice

1. D

2. B

3. C

Matching

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

Fill-in-the-Blank

1) interest, 2) period, 3) Pay

Short Answer (Sample Responses)

Q1: Minimum payments are designed to be low, so they barely reduce the principal balance. Over time, interest keeps accumulating, and a December purchase can follow you for years, especially if new charges and emergencies keep pushing full payoff into the future.

Q2: Advantage: BNPL can help spread out a large purchase so it fits into a tight budget without using a high-interest credit card. Risk: multiple BNPL plans can stack up, leading to many automatic withdrawals and late fees if you lose track or don't have enough money in your account.

Q3: Strategies might include: setting a total holiday spending limit and making a gift list that fits inside it; avoiding impulse clicks by waiting 24 hours before big purchases; planning how to pay the full credit card balance in January; tracking any BNPL plans in a simple list with dates and amounts; and choosing cheaper or non-monetary gifts to avoid borrowing for presents.