

Reading a Credit Card Statement Extension Activity for *Borrowing Basics* Presentation

Grade Level:

- Grade 10-12

Learning Objective:

This extension activity, along with the *Borrowing Basics* presentation, should help students:

- identify what information can be found on a credit card statement
- read and understand a credit card statement

Materials Needed:

- whiteboard
- whiteboard marker
- *Sample Credit Card Statement* worksheet (1 per student)
- *Reading a Credit Card Statement* worksheet (1 per student)
- pencil (1 per student)

Lesson Plan:

1. Write the following question on the whiteboard: what is a credit card statement?
2. Read the question aloud and allow students to share their responses. Write the correct responses on the whiteboard
3. Explain to students a credit card statement is a summary of how the cardholder has used their credit card for a certain period of time (billing period)
4. Ask students the following question: what information is included in a credit card statement? Write the correct responses on the whiteboard
5. Explain to students a credit card statement contains lots of information including:
 - purchases: items (goods and services) paid for with the credit card and the cost of these items
 - transaction date: the date items were paid for
 - posted date: the date the credit card company processed the transaction and added it to the cardholder's account balance
 - previous balance: amount of money owed at the end of the previous billing period
 - payments: money the credit card company has received from the cardholder
 - net amount of monthly activity: the total amount of money charged to the credit card minus any payments received within the billing period
 - cash advances: money withdrawn from a credit card at an ATM or financial institution. The interest rate on a cash advance is often higher than when making purchases with the credit card. Interest charges start immediately

- annual percentage rate (APR): the yearly interest rate on the credit card
 - minimum payment: the smallest amount of money a cardholder can pay to remain in good standing with the credit card company. The amount is either a fixed amount or a percentage of the total amount owing (whichever is greater) plus any fees or accrued interest
 - due date: the date by which the payment (minimum payment) must be received
 - credit limit: the maximum amount of money the cardholder can borrow on their credit card
6. Explain to students they will be completing a worksheet to practice reading a credit card statement
 7. Distribute the *Sample Credit Card Statement* and *Reading a Credit Card Statement* worksheet and pencils to students
 8. Review the answers with students after they have completed the worksheet



JANE SMITH 1234 2300 5678 3456
STATEMENT DATE: Mar 09 20XX
 PREVIOUS STATEMENT: Feb 09 20XX
 STATEMENT PERIOD: Feb 10 20XX to Mar. 09, 20XX

Transaction date	Posting date	Activity description	Amount (\$)
Previous statement balance			\$168.80
Feb 8	Feb 10	Convenience store	\$14.83
Feb 9	Feb 10	Italian restaurant	\$30.55
Feb 13	Feb 15	Clothing store	\$27.50
Feb 17	Feb 17	Museum gift shop	\$12.26
Feb 24	Feb 24	Grocery store	\$40.10
Mar 2	Mar 2	Payment received	-\$168.80
Mar 7	Mar 8	Toy store	\$12.60
Net amount of monthly activity			\$137.84
Total new balance			\$137.84

CONTACT INFORMATION:	
Customer Service 1-800-123-4567	
PAYMENT INFORMATION	
Minimum Payment	\$10.00
Payment Due Date	Mar. 30 20XX
Credit Limit	\$1,500
Available Credit	\$1,362.16
Annual Interest Rate	
Purchases	19.99%
Cash Advances	22.99%
Estimated Time to Pay	
The estimated time to pay your New Balance in full if you pay only the Minimum Payment each month is 1 year(s) and 4 month(s)	

CALCULATING YOUR BALANCE	
Previous Balance	\$168.80
Payments & Credits	\$168.80
Purchases & Other Charges	\$137.84
Cash Advances	\$0
Interest	\$0
Fees	\$0
Sub-total	\$137.84
NEW BALANCE	\$137.84

NEW BALANCE	MINIMUM PAYMENT	PAYMENT DUE DATE	AMOUNT PAID
\$137.84	\$10	Mar. 30 20XX	\$

Jane Smith 1234 Peach Tree Road Anytown, AB T2R 5P6	XYZ CARD Account Number: 1234 2300 5678 3456 <ol style="list-style-type: none"> 1. Payments can be made via: <ul style="list-style-type: none"> • Telephone Banking • Internet banking • ATM • Branch bank • Mail 2. Make cheques payable to MM BANK 3. Detach and return with payment
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Reading a Credit Card Statement

Instructions: use the credit card statement on the attached sheet to answer the questions below

1. What was the dollar value of the item(s) purchased with the credit card on Feb. 17 20XX?
2. On what date were items purchased from a convenience store? On what date was the transaction at the convenience store processed and added to the cardholder's account balance?
3. Were any cash advances made on the credit card during the billing period?
4. What is the annual percentage rate (APR) for:
 purchases?
 cash advances?
5. What is the minimum amount of money the cardholder can pay to remain in good standing with the credit card company?
6. If the cardholder only makes minimum payments, how long will it take them to pay off the credit card balance in full (assuming they do not make any additional charges to the card)?
7. By what date must the payment be received?
8. What is the credit limit for this credit card?
9. How much credit is still available on this credit card?
10. What was the previous statement balance?
11. How many charges were made during the billing cycle? What was the dollar value?
12. How much interest was charged and why?

Reading a Credit Card Statement: Answer Key

Instructions: use the credit card statement on the attached sheet to answer the questions below

1. What was the dollar value of the item(s) purchased with the credit card on Feb. 17 20XX?
\$12.26
2. On what date were items purchased from a convenience store? On what date was the transaction at the convenience store processed and added to the cardholder's account balance?
Items were purchased on Feb. 8 20XX (transaction date). The transaction was processed and added to the cardholder's account balance on Feb. 10 20XX (posted date)
3. Were any cash advances made on the credit card during the billing period?
No
4. What is the annual percentage rate (APR) for:
purchases? *19.99%*
cash advances? *22.99%*
5. What is the minimum amount of money the cardholder can pay to remain in good standing with the credit card company?
\$10
6. If the cardholder only makes minimum payments, how long will it take them to pay off the credit card balance in full (assuming they do not make any additional charges to the card)?
1 year and 4 months
7. By what date must the payment be received?
Mar. 30 20XX
8. What is the credit limit for this credit card?
\$1,500
9. How much credit is still available on this credit card?
\$1,362.16
10. What was the previous statement balance?
\$168.80
11. How many charges were made during the billing cycle? What was the dollar value?
6 charges - \$137.84
12. How much interest was charged and why?
The interest charged was \$0. This is because the cardholder paid the balance owing of \$168.80 in full within the grace period.