



Money Management: Borrowing

ProjectFAME

Credit Cards

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July 8, 2010



Welcome Back!!!

- Let's start with daily activities
 - Logon
 - Open Worklog (Word)
 - Set up and write any opening thoughts
 - Open Spending Spreadsheet (excel)
 - Enter spending
 - Summary of yesterday
 - Questions???

Speakers Today

- Emily E. Carlson
 - Bank of the West
 - Vice President Ceres Branch Manager
- Christina M. Stokman
 - Financial Advisor / Guided Portfolio Manager
 - Morgan Stanley Smith Barney LLC
- In P-166 from 12:30 to 1:30

What we're going to do

- What's up for today:
 - Credit Cards
 - Vocabulary
 - Discussion
 - Spreadsheet Today

Maria Break

- Ethics - Chapter 4
 - Did she do the right thing?
 - What were her options?
 - What would you do?
- Understand and clarify your values
- Communication, Communication, Communication

Maria Break

- Ethics
- Old quote - not sure of source

“Never say anything you don’t want to read on the front page of the NY times.”
- For today?
 - Be really careful what you put on the web
 - Be really careful about what you forward
- Think first

To talk about them we need some vocabulary

- Using them:
 - Charge
 - Cash advance
 - Limits
 - Credit limit
 - Cash advance limit
 - Outstanding balance*
 - Average daily balance*

Outstanding Balance

- Balance from previous statement
- + charges on the statement
- - payments made this cycle

- Basically what you owe now

Average Daily Balance

- Add together
 - Ending daily balance for each day in billing period (cycle)
- Divide by number of days in billing period



Lunch



What they charge you

- Interest (finance charge*)
 - Annual percentage rate
 - Daily finance charge*
- Late fees
- Annual fee

Daily finance charge rate

- Annual percentage rate
- Divided by 365

$$13.99\% = \frac{13.99}{100} = .1399$$


$$\frac{.1399}{365} = 0.00038$$

Finance Charge

- Daily finance charge
- Times number of days in billing period
- Times average daily balance



When you pay

- Payment due date
 - Grace period
 - Minimum payment
- 

Credit Card Options

- No credit cards
 - Save money, then buy
- Pay it off each month
- Transfers
- Pay as much as you can each month
- Make minimum payment

How does this relate to my credit score?

- Wait, what is a credit score?
- Let's see what we can find on the web...
 - Equifax
 - Experion
 - TransUnion

Choosing a card (or NOT)

- <http://www.creditcards.com/>
- <http://www.indexcreditcards.com/>
- <http://www.bankrate.com/>
- <http://www.consumerreports.org/>

Putting it all together to read a statement

- To understand it you need to be able to compute all of the numbers
- Statement handouts (3)
 - New laws
 - Read the statement
 - Read the fine print on the back
 - What is interest charged on?

For Tomorrow

- Read Chapter 5 in Shriver
- Keep recording your expenses
- Assets and Liabilities
- Bring yourself (and your lunch)
- Questions???

But there's more!

- Let's do the evaluation form
- Put the final touches on the entry for today in your worklog
- Have a great evening!
- **PS Don't forget your flash drive!**