

Credit Card Balance

How much does your credit card balance decrease if you make a payment for less than the total due?

Last month Jules had a credit card balance of \$2,611. Since it was not paid in full, there will be a finance charge next month. The APR is 18% per year. Jules paid the minimum monthly payment of \$65 that was required. Jules was puzzled when his next bill was not \$65 lower than the previous balance of \$2,611, as he had expected. How much lower was the balance on Jules' next statement, if no extra purchases were made?

Step 1 Subtract the payment from the ending balance.

$$2611 - 65 = 2,546.00$$

Step 2 Calculate current amount finance charge:

$$2546.00 \times \frac{.18}{12} = 38.19$$

Step 3 Subtract finance charge
from the payment:

$$65.00 - 38.19 = 26.81$$

26.81 is the reduction in his
credit card balance.

What is Jules new ending credit card balance after the payment?

$$\text{Balance} - \text{payment} + \text{finance charge}$$
$$2611 - 65 + 38.19 =$$

2584.19
new balance

Last month Jules had a credit card balance of \$6,321. Since it was not paid in full, there will be a finance charge next month. The APR is 16.5% per year. Jules paid the minimum monthly payment of \$112 that was required. Jules was puzzled when his next bill was not \$112 lower than the previous balance of \$6,321, as he had expected. How much lower was the balance on Jules' next statement, if no extra purchases were made? What was his new ending balance?

6321 balance 16.5% APR
paid \$112

$$\textcircled{1} \quad 6321 - 112 = 6209$$

$$\textcircled{2} \quad 6209 \times \frac{.165}{12} = 85.37$$

$$\textcircled{3} \quad 112 - 85.37 = 26.63 \text{ lower}$$

$$\textcircled{4} \quad 6321 - 112 + 85.37 = 6294.37 \text{ new balance}$$

Last month Jules had a credit card balance of \$12,567. Since it was not paid in full, there will be a finance charge next month. The monthly rate is 1.5%. Jules paid \$255 towards the balance. Jules was puzzled when his next bill was not \$255 lower. How much lower was the balance on Jules' next statement, if no extra purchases were made? What was his new ending balance?

12,567 balance monthly rate = 0.015
paid \$255

$$\textcircled{1} 12,567 - 255 = 12,312$$

$$\textcircled{2} 12,312 \times 0.015 = 184.68$$

$$\textcircled{3} 255 - 184.68 = 70.32 \text{ lower}$$

$$\textcircled{4} 12,567 - 255 + 184.68 = 12,496.68 \text{ new balance}$$

