

ACTIVITY 2
SITUATIONS

Name _____

Directions: For each situation listed below, complete questions on Activity 3, Planning Your Credit Purchase, to help determine the costs and/or benefits of a credit card purchase. In each situation, the person named has a credit card with an APR of 18% or 1.5% per month on the unpaid balance. Each person named also is expected to pay all credit card balances and fees

Situation 1

Jennifer is a senior in high school. Her parents gave her a credit card and told her that she may use the card only in case of an emergency. As she was walking across the Mall, she saw the perfect dress for the senior prom in a store window display. The prom is two weeks away. The tag on the dress was \$125.00. Also on the window was a sign: **One day only, all items 25% off ticket price.** Jennifer's grandmother, a dressmaker, told her if she needed a special outfit, she would be willing to sew it for her. What should Jennifer do?

Situation 2

Tony spends much of each day in his car commuting from home to school and work. His parents gave him a credit card to be used only for emergencies. Recently, the radio in his car went on the blink. He enjoys listening to music on his long drives. He went to the repair shop and was told it would cost \$75.00 to diagnose the problem. To fix the problem, he would have to pay additional costs for labor and parts. The repair person told Tony that his shop had a special sale on a portable CD player for \$150.00. What should Tony do?

Situation 3

Sarah is a college student who had volunteered to drive three members of her debate team to the state debate championship in a city 75 miles away. As they were approaching a small town half way to their destination, they stopped at a fast-food restaurant to get something to eat. When they got back into the car, the car would not start. The girls got out and pushed the car to the gas station next door. Sarah was told her battery was dead and a new one would cost \$80. If the girls pooled all their money, they would have just enough money to purchase the battery. Sarah could have the car jump-started and hope that the battery will recharge itself during the rest of the trip. The service station attendant will accept her credit card. Sarah is responsible for paying all her auto repair bills. What should Sarah do?

Situation 4

Jason is an honors pre-med student at the state university. He is on a very limited budget. Each semester, he charges his tuition and fees. He pays for his books with money in his savings account, which has only \$30 left. One of his professors strongly recommended that he purchase books on an optional reading list that cost \$250 to better prepare him for medical school entrance exams. A high score on the entrance exam may help Jason get a scholarship to attend medical school. What should Jason do?