

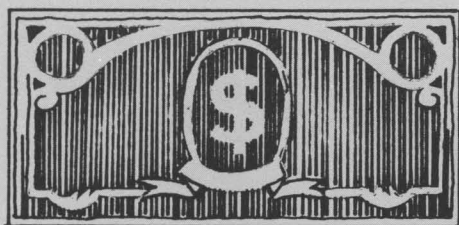
# FACT SHEET

Rec D- 20,000- 6-20-69

L-812

*Focusing on Credit . . .*

## HOW TO FIGURE THE DOLLAR COST OF CREDIT

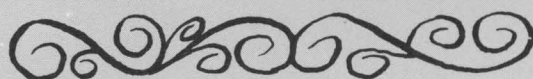


### DOLLAR COST



### %

### TRUE INTEREST



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#### How Much Does It Cost to Use Credit?

You pay money to use credit. Before you buy "on time" or borrow money, find out how much it will cost you.

To figure the dollar cost of credit:

1. Multiply the amount of each payment by the number of payments you will make.
2. Add the down payment and amount given for trade-in to your answer.
3. Subtract the cash price, including the sales tax. The answer is what you pay for credit.

Use this example to learn how to figure the dollar cost of credit. You want to buy a refrigerator. It would cost \$290 (price plus tax) if you paid cash for it. You plan to make a down payment of \$30. You say you will make 18 payments of \$16.50.

#### Step 1

Multiply the amount of each payment by the number of payments.	\$ 16.50 × 18 ----- 13200 1650 ----- 14850
Answer	\$297.00

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#### Step 2

Add the down payment to your answer.	\$297.00 30.00 ----- \$327.00
This gives the total amount you will pay.	

#### Step 3

Subtract the cash price from the "on time" price.	\$ 327.00 -290.00 ----- \$ 37.00
This is how much you pay to buy "on time."	

Keep this leaflet. The next time you plan to buy "on time" use the numbers the store clerk gives you to fill this in. See what it will cost you to use credit. Check with more than one store for the best buy.

\_\_\_\_\_ payments, at \_\_\_\_\_, each \_\_\_\_\_.

Add your down payment \_\_\_\_\_

Total "on time" price \_\_\_\_\_

Subtract cash price \_\_\_\_\_

How much it costs you to use credit \_\_\_\_\_

Always know how much credit costs!

