

Answers

Chapter 6 – The Cost of Debt

1. \$188
2. \$33
3. \$260
4. \$35
5. \$72
6. \$2

Teaching Tips

Chapter 6 – The Cost of Debt

1. Have the students research the cost of a new car that they might like to buy. Using the calculator on the Web site, enter the cost of the car in the total amount borrowed. Use 11 percent as the rate of interest, and use 3, 4, and 5 years for the terms of the loan. Ask the students to determine the total interest and the monthly payment for their car.
2. Divide the students into teams of four. Ask them to react to the following statement. “The American economy is as strong as it is because people are able to buy on credit.” Let the students debate this topic.
3. As a class, ask the students to brainstorm a list of items that are worth going into debt for and those that are not. Have the students provide an explanation for the items they put on the list.