

New Tool Estimates Credit Card Payments, Interest

MANHATTAN, Kan. - A new, easy-to-use Federal Trade Commission Web site can help consumers calculate payments needed to eliminate credit card debt, a Kansas State University specialist said.

Suppose, for example, a consumer is carrying a \$1,000 balance on a credit card with a 17.5 percent interest rate. If he or she makes a minimum monthly payment of \$50, it will take five years (60 months) and \$346 in interest to clear the balance, said Carol Young, K-State Research and Extension financial management specialist.

Increasing monthly payments to \$75 will clear the debt in 15 months and offer a savings of \$225 in interest; making monthly payments of \$100 will retire the debt in 11 months and yield a savings of \$257 in interest, Young said.

The Credit Card Repayment Calculator, which shows consumers how to calculate debt reduction by increasing payments or setting a timetable for retiring debt, is at the FTC-sponsored Web site: <http://www.ftc.gov/creditcardcalculator>.

More information on managing money also is available at county and district K-State Research and Extension offices and on the Extension Web site: <http://www.ksre.k-state.edu/FinancialManagement/>