

Notes on Using Excel for Paying the Minimum

1. Open Excel and title the columns. Enter the beginning balance as month 0.

	A	B	C	D	E	F
1	Month	Finance Charge	Payment	Balance		
2				\$2,170.88		
3	1					
4	2					
5						

2. Recall the calculations used to find the finance charge, minimum payment and new balance.

Month 1

Beginning Balance: \$2,170.88
 Finance Charge: $\$2,170.88 * 0.1774/12 = \32.09
 Minimum Payment: $\$2,170.88 * 0.02 = \43.42
 New Balance: $\$2,170.88 + \$32.09 - \$43.42 = \$2,159.55$

Write these as formulas in the spreadsheet. Instead of typing in the number, use the name of the cell where the number lives. For example, \$2,170.88 is in D2. Start each formula with an “=”. When you hit enter, the value will appear. Check to see if it is the same as that calculated by hand.

	A	B	C	D	E	F
1	Month	Finance Charge	Payment	Balance		
2	0			\$2,170.88		
3	1	=D2*0.1774/12	=D2*0.02	=D2+B3-C3		
4	2					
5						

3. Then write the formulas for the next row:

	A	B	C	D	E	F
1	Month	Finance Charge	Payment	Balance		
2	0			\$2,170.88		
3	1	\$32.09	\$43.42	\$2,159.55		
4	2	=D3 *0.1774/12	=D3 *0.02	=D3+B4-C4		
5						

Notice that the formulas are the same, but each row was moved down one. We can copy the formulas by “filtering down” for many months. Excel will automatically change the rows. To copy, highlight the cells that contain the formulas. Select *copy* from the menu. Highlight the cells where you would like the calculations continued. Select *paste* from the menu. Continue until you have a zero balance.