

Payday Loan

A coffee shop employee makes \$1,500.00 bi-weekly after taxes. They have weekly expenses of \$500.00. Unfortunately, the employee wanted to make a few upgrades to their car, which will cost \$750.00. The employee does not have any money in a savings account.

What are the coffee shop employee's options?

What would you advise them to do?

The employee took a loan out from Capital Cash. They gave them \$750.00 against their next pay cheque. They charge a fee of \$17.00 for each \$100.00 loaned. How much will the total fee be? How much will the employee need to pay the company back in total?

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What if the employee cannot pay the loan back on time (after 14 days)? They will be charged an additional fee of \$40.00. How much will they be expected to pay back then?

Every two-week period that the loan is not paid back, the company will charge an additional \$40.00. If the employee continues to not pay the loan back for 4 more weeks, how much will they be charged in total? What about for 8 more weeks?