

Name:	Date:
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 **INTRO**

MAKE A LIST

Review the purchases below and determine if you would list them as debit card or credit card purchases. Put each purchase in its appropriate column in the table.

McDonald's Hamburger

Bicycle

Movie Tickets

Car Repair

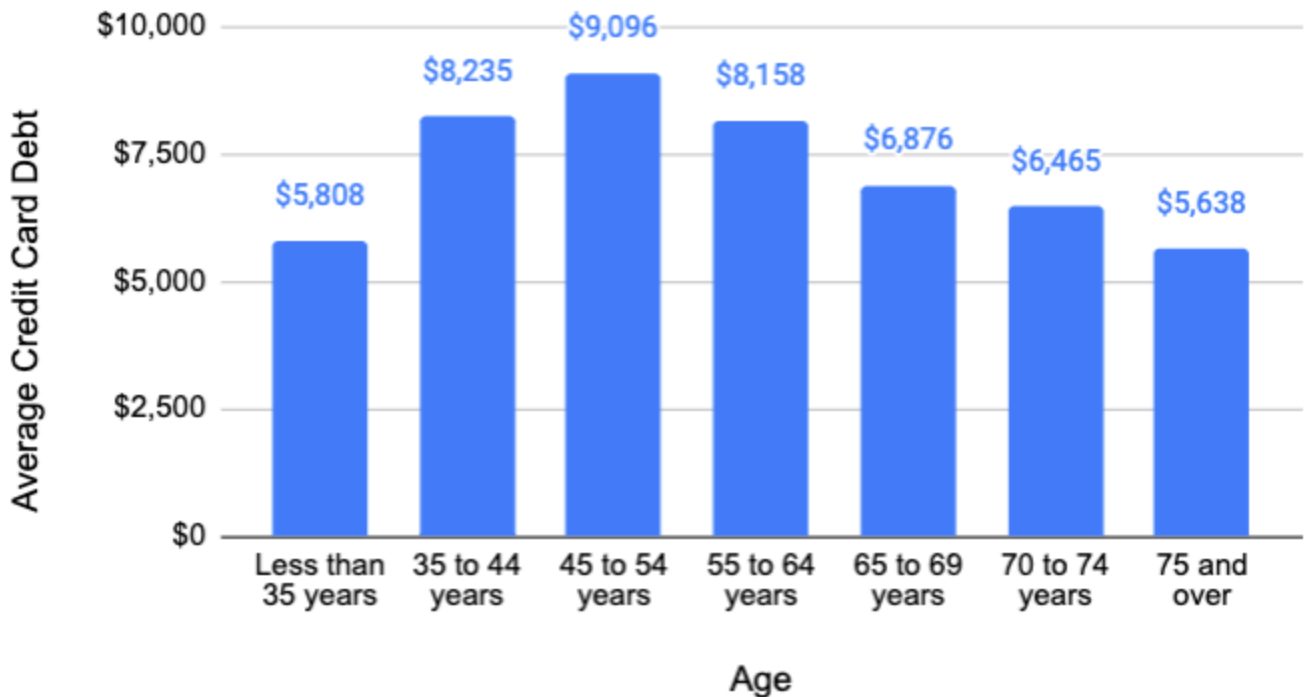
Debit Card Purchases	Credit Card Purchases

 **LEARN IT**

DATA CRUNCH: Average Credit Card Debt In America: July 2020

If you don't use your credit card responsibly, credit card debt can become a major financial pitfall. It's easier to get into credit card debt than get out of it and the statistics below prove that. Review the data in the charts and answer the questions that follow.

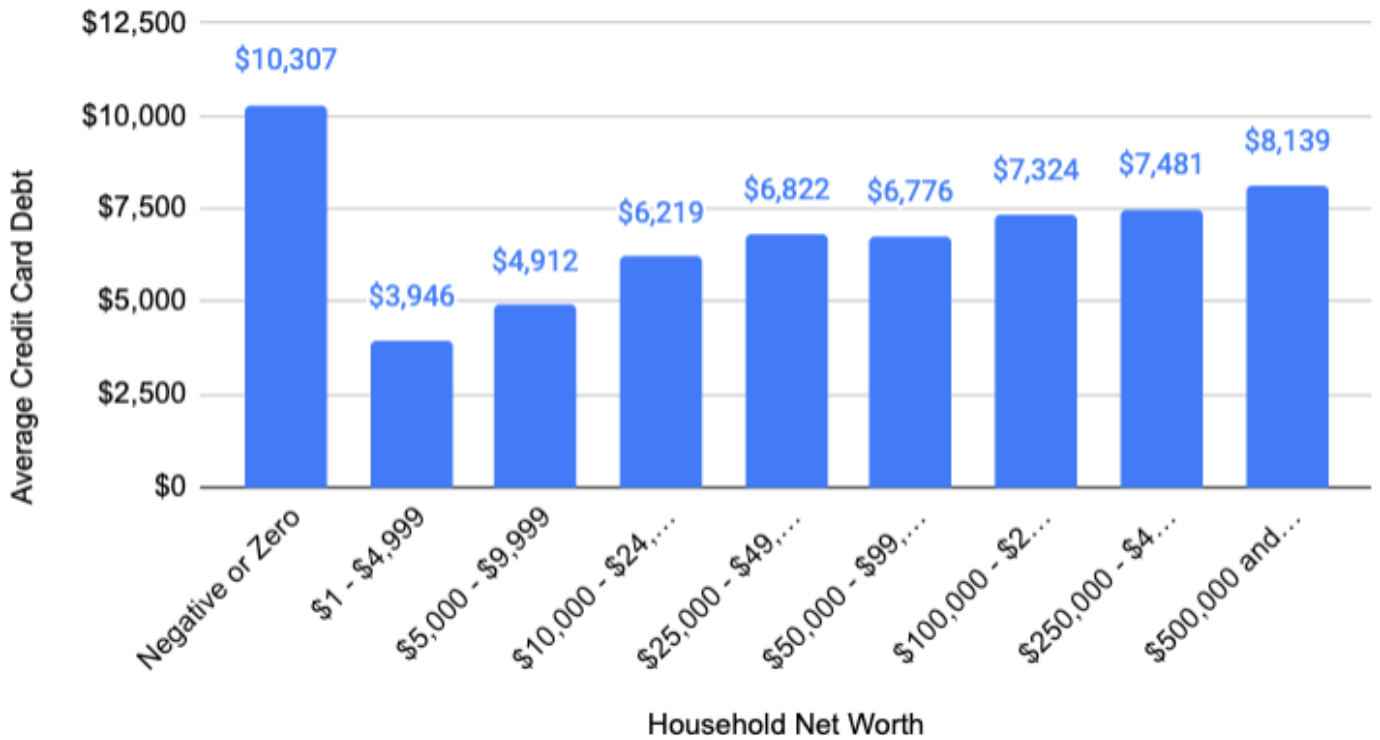
Average Credit Card Debt by Age



1. What age group has the lowest average credit card debt? What age group has the highest average credit card debt?

2. Average credit card debt is lowest in ages younger than 35 years old and ages 75 and over. Why might this be?

Average Credit Card Debt by Household Net Worth



1. Households with net worth in the negative or zero have the highest average credit card debt. Why do you think this is?

VIDEO: [Using Your Credit Card](#)

Using a credit card responsibly is key - otherwise, you may go into debt! Watch the video to learn more about how to use a credit card and answer the questions that follow.

1. Your Aunt Marlene always makes the minimum payment towards her credit card bill. List a *benefit* and a *consequence* of doing this.

2. In your own words, explain what *treating your credit card like cash* means.

3. You overhear your friend, Alicia saying, "Credit cards? Yuck! I'm never using credit cards because I heard that they lead to a lot of debt!" How would you respond to Alicia and why?



DO IT

FINE PRINT: Credit Card Statement

To make sure you're responsible with your credit card and don't go into debt you need to know how to read your credit card statement. In this activity, you will explore a credit card statement in more detail to understand its various components. Then, you will answer questions using the sample credit card statement below.

Account Summary		
Previous Balance		\$200.00
Payments	-	\$150.00
Other Credits	-	\$10.00
Purchases	+	\$190.00
Past Due Amount		\$0.00
Interest Charged	+	\$15.00
New Balance		\$245.00
Credit Limit		\$1,000.00
Available Credit		\$755.00
Statement Closing Date	May 25, 2020	
Days in Billing Cycle		30

Payment Information	
New Balance	\$245.00
Minimum Payment Due	\$40.00
Payment Due Date	June 23, 2020
Late Payment Warning:	
If we do not receive your minimum payment by the date listed above, you may have to pay a \$35 fee.	
Minimum Payment Warning:	
If you make only the minimum payment each period, you will pay more in interest and it will take you longer to pay off your balance.	

Transactions		
Date of Transaction	Merchant Name or Transaction Description	\$ Amount
4/27/2020	STORE #1	\$25.00
4/30/2020	REFUND	-\$10.00
5/5/2020	STORE #2	\$50.00
5/9/2020	STORE #3	\$25.00
5/17/2020	STORE #4	\$40.00
5/21/2020	STORE #5	\$45.00
5/25/2020	Interest Charge on Purchases	\$15.00

- How much is currently owed on this credit card?
 - \$200
 - \$245
 - \$1,000
- Look at the Transactions section. Why is the refund marked with a negative sign?
 - You owe that amount on your credit card statement
 - You are receiving that money back onto your credit card statement
 - You paid that amount off last month
- Before sending in your payment to the credit card company, you go to a bicycle store. How much can you spend before going over the credit limit on your card?
 - \$0, you are already over your credit limit
 - \$245
 - \$755
- Which of the following statements is FALSE?
 - If you pay the MINIMUM PAYMENT of \$40.00, the bank will waive the interest charged on the balance you still owe.
 - If you are late in making your credit card payment, you may have to pay a \$35 fee.
 - If you want to avoid any interest or fees, you should pay off your full statement balance by the due date.



EXIT TICKET

1. True or False: If you have a \$48 balance on your credit card and stop using your credit card for purchases, you won't ever have to pay interest again. Explain your answer.

2. In your own words, explain why paying your credit card balance in full is more financially responsible than making the minimum payment.