

ACTIVITY A ANSWER KEY

Using Payment Cards

GROUP BRAINSTORM

Directions: Review the chart and add information or make corrections as necessary.

DEBIT CARDS	CREDIT CARDS	PREPAID DEBIT CARDS
<ul style="list-style-type: none"> • <i>Linked to your checking account</i> 	<ul style="list-style-type: none"> • <i>Linked to a line of credit</i> 	<ul style="list-style-type: none"> • <i>Not linked to an account or a line of credit</i>
<ul style="list-style-type: none"> • <i>Think of it like an instant personal check</i> 	<ul style="list-style-type: none"> • <i>Think of it like a convenient way to borrow money</i> 	<ul style="list-style-type: none"> • <i>Think of it like cash, but in card form</i>
<ul style="list-style-type: none"> • <i>Transactions are taken out of your bank account right away</i> 	<ul style="list-style-type: none"> • <i>Transactions are covered by the card issuer or financial institution, and you then have to pay them back at a later date</i> 	<ul style="list-style-type: none"> • <i>Prepaid cards can only access funds already loaded onto it—some are single-use and some are reloadable</i>
<ul style="list-style-type: none"> • <i>You can be charged overdraft fees for overdrawing (attempting to spend more than is available) in your account</i> 	<ul style="list-style-type: none"> • <i>Easy to overspend, which leads to carrying a balance and paying interest on the outstanding balance</i> 	<ul style="list-style-type: none"> • <i>In most cases, prepaid cards cannot be overdrawn—a transaction greater than the dollar value of the card will be declined</i>
<ul style="list-style-type: none"> • <i>Does not affect your credit score</i> 	<ul style="list-style-type: none"> • <i>Builds your credit score when used responsibly</i> 	<ul style="list-style-type: none"> • <i>Does not affect your credit score</i>
<ul style="list-style-type: none"> • <i>Requires opening a checking account</i> 	<ul style="list-style-type: none"> • <i>Requires an application and approval process</i> 	<ul style="list-style-type: none"> • <i>No approval process; anyone can own one</i>
<ul style="list-style-type: none"> • <i>May have a monthly fee or require a minimum balance in your bank account</i> 	<ul style="list-style-type: none"> • <i>May have an annual fee</i> 	<ul style="list-style-type: none"> • <i>May have activation fees or reload fees</i>
<ul style="list-style-type: none"> • <i>Can be used to withdraw money from your checking account at ATMs</i> 	<ul style="list-style-type: none"> • <i>High transaction fees are applied for using a credit card to withdraw cash at ATMs</i> 	<ul style="list-style-type: none"> • <i>Generally cannot be used to take out cash at ATMs</i>

ACTIVITY B ANSWER KEY

Using Payment Cards

CREDIT CARD STATEMENT

Directions: Use the information found on Jen's credit card statement to answer the following questions.

1. What is Jen's current balance? \$1,281.80
2. What is Jen's credit limit? \$5,000
3. Did Jen pay her balance in full last month? YES (the Account Summary shows no past due amount)
4. When is Jen's credit card payment due? May 19th, 2019 (05/19/19)
5. What's the minimum amount Jen has to pay before the due date in order to avoid late fees?
\$25.00 (making the minimum payment will protect Jen from late payment fees)
6. If Jen only makes the minimum payment, how long will it take her to pay off her balance?
16 years (making only the minimum payment can keep you in debt for a very long time)
7. What's the minimum amount Jen has to pay before the due date in order to not be charged interest?
\$1,281.80 (the only way to use your credit card responsibly is to pay it in full and on time)

QUIZ ANSWER KEY

Using Payment Cards

FILL IN THE BLANKS

Directions: Fill in the blanks using either DEBIT CARD, CREDIT CARD or PREPAID DEBIT CARD.

1. A DEBIT CARD is like an instant personal check.
2. A PREPAID DEBIT CARD is like cash, but in card form.
3. A CREDIT CARD is a convenient way to borrow money.

/3 pts

SHORT ANSWER

Directions: Answer the following question in a few words.

4. What's the best way to use your credit card responsibly?

PAY YOUR BALANCE IN FULL AND ON TIME

/2 pts

TRUE OR FALSE

Directions: CIRCLE either true or false.

5. TRUE or FALSE A billing cycle is the period of time between billings.
6. TRUE or FALSE A billing cycle is always 30 days.
7. TRUE or FALSE The grace period is the span of time between the close of your billing cycle and the payment due date.
8. TRUE or FALSE Making the minimum payment every month will get you out of credit card debt.
9. TRUE or FALSE Paying your credit card balance on time every month will protect you from late fees.

/5 pts