

BETTER MONEY HABITS HIGH SCHOOL LESSON: DOES CARRYING A BALANCE ON YOUR CREDIT CARD HURT YOUR CREDIT SCORE?

HANDOUT 6.1 ANSWERS

1. Revolving accounts are open lines of credit that can be used as needed up to a certain limit.
2. An example of a revolving account is a credit card.
3. Installment loans are taken out all at once and then paid back on a fixed schedule.
4. An example of an installment account is a mortgage.
5. List two ways revolving debt can have a negative impact on credit scores:
 - (1) more than 30 percent of your available credit limit.
 - (2) having a bunch of inactive cards (high, unused revolving credit limits).
6. List the two best things that can help your credit score:
 - (1) pay your bills on time.
 - (2) pay more than the minimum monthly payments.