

BETTER MONEY HABITS MIDDLE SCHOOL LESSON: CREDIT AND DEBIT: TWO VERY DIFFERENT CARDS

HANDOUT 5.1 PART A ANSWERS

Read the following statements about debit and credit cards. Decide if the statement applies to a debit card, to a credit card, or to both cards. Put an X in the appropriate column. Then decide if the statement is a cost (disadvantage) or a benefit (advantage) when using that card. Use a (-) for costs and a (+) for benefits.

| Statement | Debit Card | Credit Card | Both | Cost/ Benefit |
|--|------------|-------------|------|------------------|
| Money is borrowed and repaid at a later date. | | X | | NA |
| Money is automatically taken out of a checking or savings account. | X | | | NA |
| Great for emergency situations. | | X | | + |
| Card declined if not enough money in account. | X | | | - |
| Has extra perks. | | X | | + |
| May pay interest. | | X | | - |
| May receive cash from ATM. | X | | | + |
| Convenient. | | | X | + |
| Secure. | | | X | + |
| May pay late fees. | | X | | - |
| No interest. | X | | | + |
| Replaces cash. | | | X | + |
| Affects credit score.* | | X | | +/- |
| Has fraud protection. | | | X | + |
| May cause unnecessary debt. | | X | | - |

**Credit cards can have either a positive or negative impact on credit; it is positive for people who maintain low balances and pay their monthly bills on time; it is negative for those who max out credit and have late or skipped payments.*