



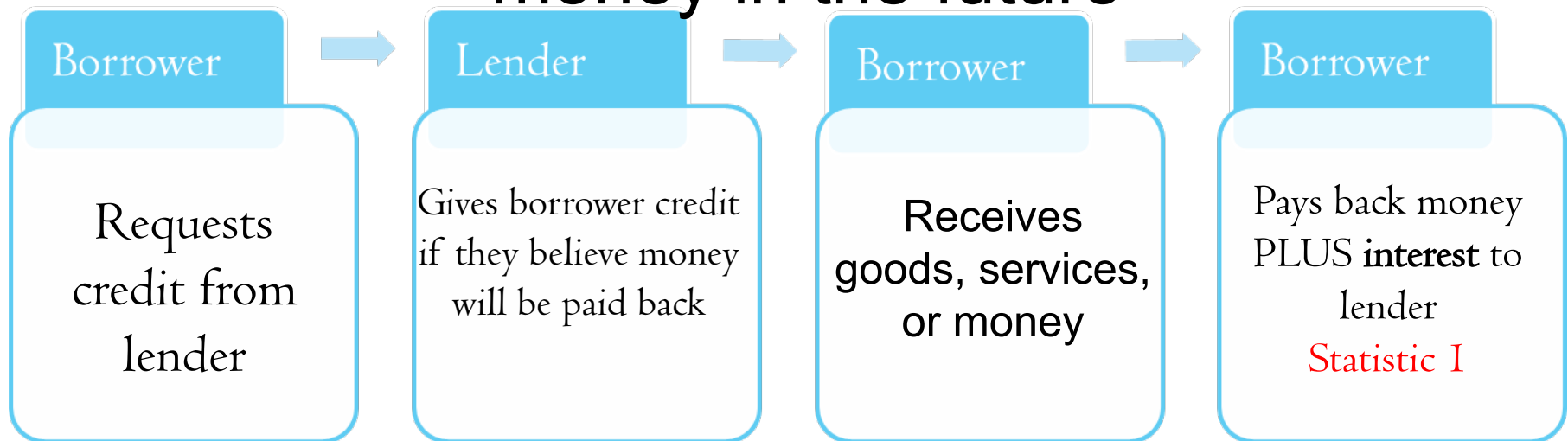
TAKE CHARGE OF CREDIT CARDS

Introductory Level



WHAT IS CREDIT?

Credit- something is received in exchange for a promise to pay back money in the future





WHAT IS INTEREST?

Interest is the price of money

When referring to credit, interest is the charge for borrowing money





WHAT IS A CREDIT CARD?

Plastic card that holds pre-approved credit

Purchase items
now



Pay later



Credit Limit- maximum amount
of money that can be charged
on the card



CREDIT CARD PAYMENTS

Pay total
amount owed

OR

Make smaller
payments- equal
or unequal

Minimum Payment-
minimum amount of a credit
card bill that must be paid
every month



What do you think is the best payment option?

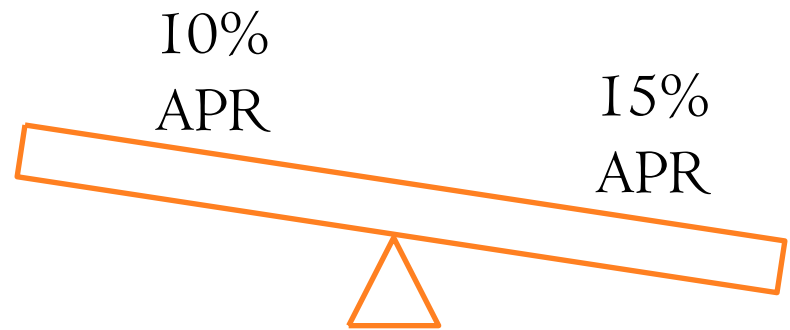


CREDIT CARD INTEREST



Charged	Each month the amount of money owed is not paid in full
Known as	Annual percentage rate (APR)- interest rate charged on a credit card Statistic 2 & 3

The lower the APR the better for cardholder!





WHAT IF ONLY THE MINIMUM PAYMENT IS MADE EVERY MONTH?

Melissa and Skylar each purchased a plane ticket for \$500 using their credit cards that charge 15% APR

	Melissa-	Skylar-
Payment	Paid the full amount owed-\$500	Paid the minimum payment due-\$20
Time to pay off credit card	1 month	3 years
Total amount of interest paid	\$0	\$104
Total amount paid	\$500	\$604

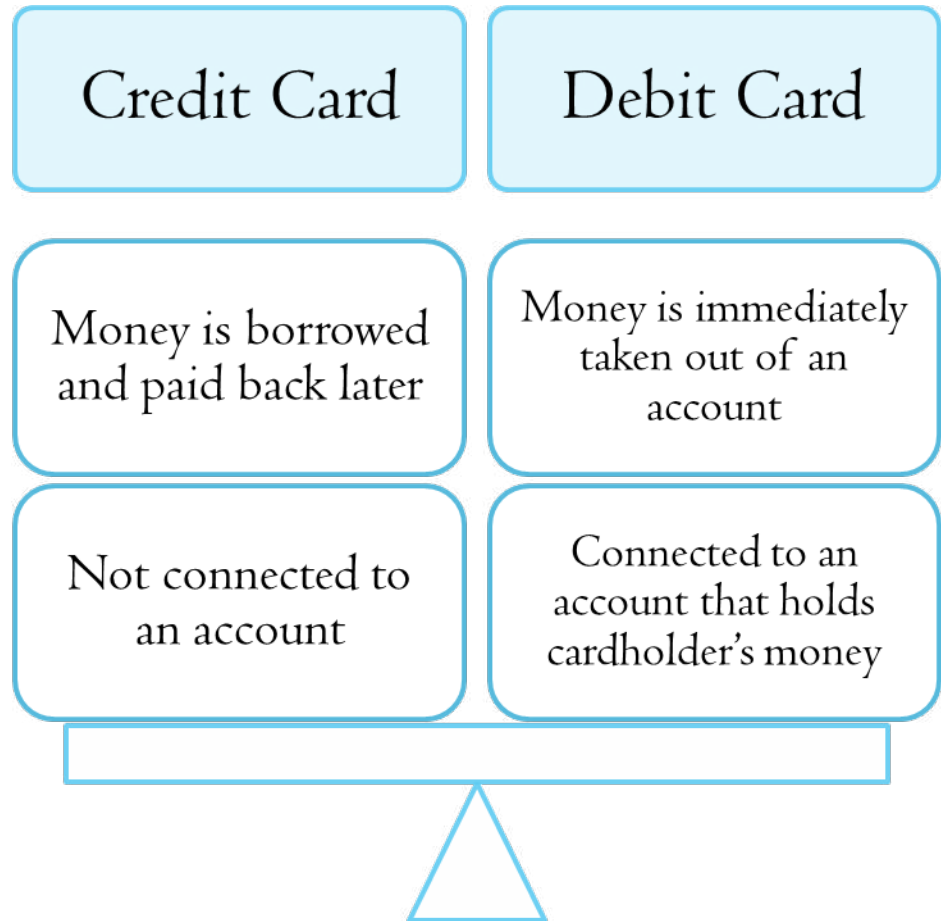
If a credit card is paid in full every month, no interest is paid!

Statistic 4



WHAT IS THE DIFFERENCE BETWEEN CREDIT CARDS AND DEBIT CARDS?

Debit Card - plastic card that is electronically connected to an account that holds cardholder's money





HOW DO YOU GET A CREDIT CARD?

1.

Examine **credit card offers**

- Displays main costs of a potential credit card

2.

Complete an application





GETTING A CREDIT CARD- RESTRICTIONS

Must be at least 21 years old

UNLESS



Show proof of
sufficient income

Have a co-signer

If someone agrees to be a co-signer on an account, they are equally responsible for the loan



WHAT ARE THE ADVANTAGES AND DISADVANTAGES TO USING A CREDIT CARD?

Advantages

- Convenient
- Useful for emergencies
- Often required to hold a reservation
- Purchase expensive items earlier
- Possibility of receiving bonuses, such as frequent flyer miles and cash rebates

Disadvantages

- Paying interest if balance is kept on card
- Additional fees may apply if card is not used properly
- Tempting to overspend
- Responsible for lost/stolen cards
- Risk of identity theft
- **Statistic 5**



RESPONSIBLE CREDIT CARD USE

Do	Don't
<ul style="list-style-type: none"> • Pay amount charged in full every month • Pay payments on time • Keep track of charges by keeping receipts • Check monthly credit card statement for errors 	<ul style="list-style-type: none"> • Make late payments • Pay only the minimum payment due • Go over the credit limit • Charge items that can't be paid off within the month



WHAT HAPPENS WHEN A CREDIT CARD IS USED IRRESPONSIBLY?

Late Payment Fee	Over-the-Limit Fee	Penalty APR
<ul style="list-style-type: none"> Charged when minimum payment is not made by due date 	<ul style="list-style-type: none"> Charged if the amount of transactions goes over credit limit 	<ul style="list-style-type: none"> Higher interest rate charged on new transactions Statistic 6 & 7



WHAT IS A CREDIT CARD STATEMENT?

Purpose	<ul style="list-style-type: none"> Summarizes important information from previous month
Includes	<ul style="list-style-type: none"> Transactions made Amount owed Minimum payment Payment due date (date minimum payment is due)



Why is it important to examine a credit card statement?



CREDIT CARD SAFETY TIPS



It is important to keep credit cards and credit card information secure to avoid someone else making charges

If a credit card is closed,
notify the company in
writing and by phone,
then cut up card

Sign back of card with
signature and “Please See
I.D.”

Never give out a card
number unless making
purchases

Do not leave cards lying
around



CREDIT CARD SAFETY TIPS

Lost or stolen card
should be reported
immediately to the
credit card company

Keep a list of all cards,
account numbers, and
phone numbers separate
from cards

Shred any credit card
offers received

Check credit card
statements for false
charges; report any false
charges immediately

Immediately reporting a lost or stolen credit card reduces the cardholder's liability for any possible fraudulent purchases



SUMMARY

What is a credit card?



- Plastic card that holds pre-approved credit
- Used for the purchase of items now and payment of them later

How can you avoid paying interest on a credit card?

Pay the credit card balance in full every month!

What is the difference between a credit card and a debit card?

- Debit card- money is taken from the cardholder's account
- Credit card- money is borrowed and paid back later



REMEMBER....

- If a credit card is used properly it can offer many benefits
- Important to keep credit cards and credit card information secure
- Use a credit card responsibly! Only charge items when there is no doubt about ability to pay off the charges

