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|  | **Semester Course****5.3 Young People & Credit Cards**Student Activity PacketUNIT: TYPES OF CREDIT |

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### Name:

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| In this lesson, you will learn to:* Enumerate the differences between debit and credit cards
* Identify at least 3 ways a young adult can gain access to a credit card, even before they are 21
* Explain why a secured credit card is an excellent way to build credit
* Read a credit card monthly statement
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| **RESOURCES** | QUESTIONS |
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| **1**  | [**Discussion Prompts**](https://docs.google.com/presentation/d/1KRKcjesDXR3Ne0wuGgxOnvqv-I-zAZfcUEkeQWyBwvg/edit#slide=id.p)Discuss these questions with your classmates or with a partner. |

 | *Estimated time: 5 mins*1. Do you think it’s a good idea for high school students to have a credit card?
2. What about college/university students? Adults? Explain why you feel this way.
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|  **2** | [**Credit vs. Debit Cards**](https://edpuzzle.com/media/5c1967b97b0b7f404c1c5edd)Because they’re both rectangular plastic cards used for purchases, people sometimes confuse credit cards and debit cards. In reality, they function very differently. Watch this video to learn more. Follow your teacher’s directions to answer the questions either within the EdPuzzle itself or on this document. *NOTE: EdPuzzle videos shuffle answer choices and do not always match the order provided in the lesson here.* |

 | *Estimated time: 5 mins*1. What happens when you use your debit card?
	1. You pull money directly from your savings account.
	2. You pull money directly from your checking account.
	3. You are borrowing money from your bank to make a purchase.
	4. You are buying an item/service now with the promise to pay later.
2. A key difference between a debit and credit card is…(choose two correct answers)
	1. You can pay interest when using a credit card, not with a debit card.
	2. You can pay interest when using your debit card, not a credit card.
	3. You can build a credit score when using a credit card responsibly, not with a debit card.
	4. You can build a credit score when using a debit card responsibly, not with a credit card.
3. Debit and credit cards work exactly the same way.
	1. True
	2. False
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| **3** | [**A Quick Introduction to Credit**](https://wealth.visualcapitalist.com/introduction-to-credit/)You’ll likely have a debit card before you get a credit card, particularly because there are age and/or income restrictions on credit card access. Scroll to the final section of this infographic, subtitled “How Can Young People Get Credit?” and answer the questions.  |

 | *Estimated time: 5 mins*1. If you’re trying to gain access to a credit card before you turn 21, which of the suggestions rely on the support of your parent or guardian?
2. Which of the suggestions do NOT rely on the support of a parent or guardian?
3. The infographic suggests making small payments on your student loans even before they’re due, yet that won’t automatically get you a credit card. What would be the benefit of making these early loan payments?

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| **5** | **[How to Read Your Credit Card Statement](https://www.youtube.com/watch?v=EsCuSODsRnY)**If you decide to open your own credit card or tag on to someone else’s as an authorized user, it’s important to learn how to read the statement and keep on top of your monthly bills. Watch this video to learn more about how to read your credit card statement. Then, answer the questions.  |

 | *Estimated time: 5 mins*1. Explain the importance of reading through your credit card statement regularly.
2. What happens if you only make the minimum payment on your credit card statement?
3. What are the possible consequences of making a late payment?
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