

Taking Credit Cards by the Horns

Directions: Match the following terms with the correct definitions.

- | | |
|---------------------------|-----------------------|
| A. Annual Percentage Rate | F. Late Payment Fee |
| B. Credit | G. Minimum Payment |
| C. Credit Limit | H. Over-the-limit fee |
| D. Due Date | I. Penalty APR |
| E. Interest | |

1. **F** Fee charged when a cardholder does not make the minimum monthly payment by the due date.
2. **E** The price of money
3. **B** When goods, services, or money is received in exchange for a promise to pay a definite sum of money at a future date
4. **C** The maximum dollar amount that can be charged on a credit card
5. **A** The interest rate charged on a credit card account each month
6. **G** Minimum amount of a credit card bill that must be paid every month.
7. **I** A higher interest rate that is charged on new transactions
8. **D** The date the minimum payment is due.
9. **H** Charged if the amount of money charged goes over the card's credit limit

Directions: Identify the following statements as positive or negative uses of a credit card. Place a "P" in the blank if the action is a positive use of a credit card and place a "N" in the blank if the action is a negative use of a credit card.

10. **P** Paying the amount charged to a credit card in full every month
11. **P** Paying credit card payments on time
12. **N** Paying only the minimum payment due
13. **P** Keeping track of all charges by keeping receipts
14. **N** Going over the card's credit limit
15. **P** Checking the monthly credit card statement for errors

16. N Charging items that can't be paid off within the month

Directions: Answer the following questions.

17. How can a person avoid paying interest on a credit card?

- People can avoid paying interest by paying the full amount owed and not paying minimum amount

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

- Credit Card: you buy now pay later
- Debit Card: you buy now and pay now

19. What does it mean to be a co-signer on a credit account?

- If you are under 21-then you have to have someone such as your parents sign it, showing that you are responsible enough to have a credit card

20. What are two advantages and two disadvantages to using a credit card?

- Advantages: convenient, useful for emergencies
- Disadvantages: tempting to overspend, risk of identity theft

21. Why is it important to examine a credit card statement?

- you need to make sure that you are paying your bill on time, seeing if all the transactions on there are correct, and you pay the right amount

22. What are two safety tips that should be followed when using a credit card?

- never give out a card number unless making purchases
- do not leave cards lying around