

Name _____

Credit Summary

1. Explain the difference between a credit card and a debit card.
2. What is one advantage of using a credit card instead of a debit card?
3. What is one disadvantage of using a credit card instead of a debit card?
4. Ellie has a credit score of 705. Jackie has a credit score of 623. Which one will be more likely to get a car loan? Why?
5. Mark has better credit than Sam. Both are trying to get a car loan for the same amount. Will Mark have a higher interest rate or lower interest rate than Sam will on his loan?
6. The Fair Credit Reporting Act allows consumers to receive a free credit report once a year. Why is it a good idea to check your credit report?
7. Name two things that could hurt your credit score.
8. What could you do to improve your credit score?
9. Can a potential landlord look into your credit before renting to you?
10. How old do you have to be to get a credit card (on your own, not on someone else's account)?
11. Why might it be a good idea to get a credit card?

12. Jerry has \$8,000 in credit card debt. Steve has \$8,100 in car loan debt.
- Who (most likely) has the higher interest rate on their debt?
 - If they each pay \$100 per month, who do you think will pay off the loan sooner (based on your answer to part (a))?
 - Based on your answer to part (a), who do you think will pay more in the end (including interest)?
13. Some credit cards have an annual fee. What is an annual fee?
14. Tonya pays off her credit card in full every month. She uses a Discover card that has no annual fee. Does she have to pay any fees or finance charges for her use of the credit card?
15. Jimmy uses a credit card that gives him 2% cashback every time he uses his card at the gas station. This month he charged \$350 in gas. How much cashback will he receive?
16. Matt uses a credit card that gives him 5% cashback on his online purchases and 1% on everything else. This month he had \$174.86 in online purchases and \$492.31 on everything else. How much cashback will he receive?
17. Eric only pays the minimum payment on his bill every month instead of the balance. Why is it a bad idea to do this?
18. If you were making the decision right now, would you get a credit card? Why or why not? (There is no right or wrong answer – just think about whether or not this is a good idea for you.)