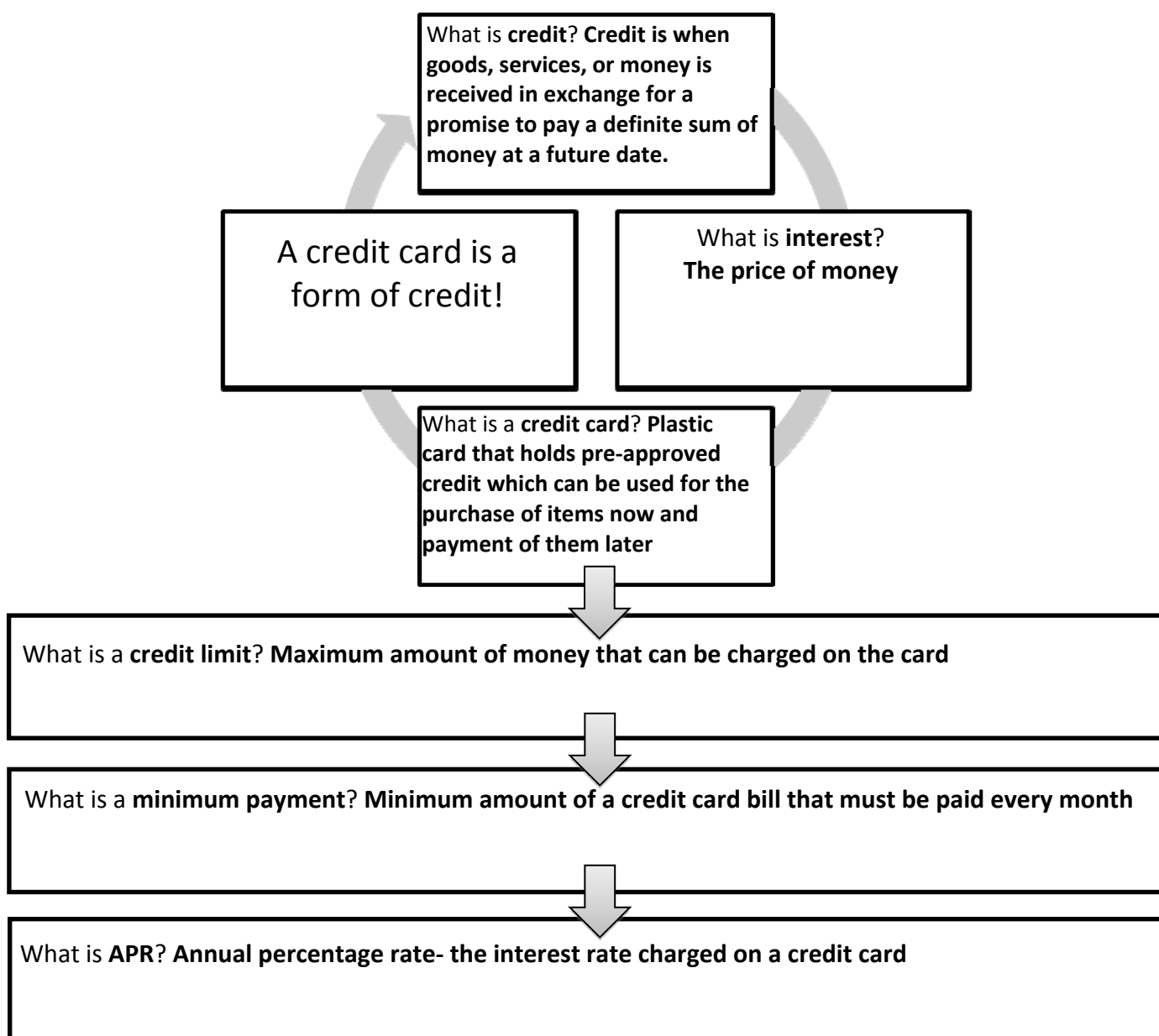


Take Charge of Credit Cards Answer Key

Take Charge of Credit Cards Note Taking Guide 1.6.1.L1:

What have you heard about Credit Cards?	What do you want to know about credit cards?
Answers will vary	Answers will vary





How can interest charges be avoided on a credit card? **Pay the credit card bill in full every month.**

What is a **debit card**? **A plastic card that is electronically connected to an account that holds cardholder's money**

What two steps are involved with getting a credit card?

1. **Examine credit card offers**
2. **Once the best card is chosen, complete an application to apply for that card**

Are there any restrictions to receiving a credit card?
Must be 21 years of age or older unless the applicant can show documentation of sufficient income to pay the credit card or the applicant has a co-signer

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**

Responsible Credit Card Use

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

<p>What is a late payment fee? A fee charged when a cardholder does not make the minimum payment by the due date</p>	<p>What is an over-the limit fee? A fee charged if the amount of money charged on a credit card goes over the card's credit limit</p>	<p>What is Penalty APR? higher interest rate that is charged on new transactions</p>
---	--	---

<p>What are two things you learned about credit cards that you found important?</p>	<p>What are two questions you still have about credit cards?</p>
<p>Answers will vary</p>	<p>Answers will vary</p>

What Would You Do? 1.6.1.H2:

Scenario 1: When Sam returned home from the grocery store, he realized that he did not have his wallet. His wallet contains his credit card, debit card, driver's license, and some cash. What would you do in this situation?

- **Answers will vary but may include: In this situation, I would first call the grocery store immediately and try to locate the wallet. If the wallet is not located, I would immediately call the credit card and debit card companies and report that the cards are lost. The card companies should cancel the cards so they cannot be used.**

Scenario 2: Carrie used her new credit card to make several purchases but has not signed the back. Carrie decides it is not necessary because none of the store clerks have mentioned it to her. What would you do if it were your credit card?

- **Answers will vary but may include: In this situation, I would immediately sign the back of the credit card with my signature and "Please see I.D." Signing the back of a credit card with a signature and "Please see I.D." alerts merchants to check the identification of the individual using the card and compare it to the name and signature on the credit card. It helps prevent fraudulent use of a credit card.**

Scenario 3: Etta received her credit card statement in the mail. She owes \$100 on the credit card but has decided to only pay the minimum payment of \$15 this month. What would you do in this situation?

- **Answers will vary but may include: In this situation, I would pay the full \$100 owed to the credit card, because I would want to avoid paying interest. By only paying the minimum payment due, I would have to pay interest on the charges. I would also make slow progress toward paying off the balance owed on the credit card.**

Scenario 4: Ryan had just returned home from school when the phone rang. The person on the other end said she was from his bank and needed to know his credit card number to verify his account. What would you do in this situation?

- **Answers will vary but may include: In this situation, I would not give the person on the telephone my credit card number. Credit card numbers should only be given out if making a purchase initiated by the cardholder.**

Scenario 5: Antonio recently charged groceries to his credit card. The store clerk asked Antonio if he would like her to print a copy of the credit card receipt for him Antonio prefers to save paper, so he did not have her print a receipt What would you do in this situation?

- **Answers will vary but may include: In this situation, I would keep all of the receipts from purchases to my credit card. It is important to keep track of all charges to a credit card by keeping receipts and then comparing those receipts to the monthly credit card statement to ensure there are no false or incorrect charges to the card.**

Scenario 6: Chelsea closed one of her credit card accounts, and she doesn't know what to do with the credit card. What would you do with the credit card?

- **Answers will vary but may include: Whenever a credit card account is closed, the credit card should be cut into pieces and thrown away.**

Scenario 7: Ruben found his credit card statement in a stack of papers on his desk. The credit card payment for the month was due last week. Ruben decided that since he is already late paying his bill for the month that he would wait until next month to make the payment. What would you do in this situation?

- **Answers will vary but may include: In this situation, I would make the credit card payment right away, even though it is already late. Not making a credit card payment for the month can result in many negative consequences regarding a credit card, such as paying Penalty APR.**

Scenario 8: Angie just turned 21 and has received numerous credit card offers in the mail. She doesn't need a credit card, so she tossed the unopened envelopes in her waste basket. What would you do with the credit card offers?

- **Answers will vary but may include: In this situation, I would shred all of the credit card offers before throwing them away.**

Scenario 9: Trent’s friend Sheila has asked him to be a co-signer on a credit card she is applying for. Sheila explains to Trent that all he has to do is sign a piece of paper. What would you do in this situation?

- **Answers will vary but may include: In this situation, I would not become Sheila’s co-signer, because there is a lot more involved with being a co-signer than signing a piece of paper. A co-signer is equally responsible for a loan, which includes paying it back. I would not want to be responsible for a friend’s loan.**

Scenario 10: Kevin received his credit card statement this week and glanced over it. He noticed there were several items charged on his card that he did not purchase. What would you do in this situation?

- **Answers will vary but may include: In this situation, I would contact the credit card company immediately and inform them of the incorrect charges on the credit card statement.**

Taking Charge of Credit Cards 1.6.1.A1:

- | | |
|------|-------|
| 1. F | 9. H |
| 2. E | 10. P |
| 3. B | 11. P |
| 4. C | 12. N |
| 5. A | 13. P |
| 6. G | 14. N |
| 7. I | 15. P |
| 8. D | 16. N |

17. By paying the credit card bill in full each month.
18. A credit card is a plastic card that holds pre-approved credit which can be used for the purchase of items now and payment of them later. A debit card is a plastic card which looks like a credit card, but is electronically connected to a depository institution account that holds the cardholder’s money. Items charged to a debit card are paid for immediately, while items charged to a credit card are charged and paid back at a later date.
19. If someone agrees to be a co-signer on a credit account, they are equally responsible for the loan.
20. Answers will vary but may include:
 - a. Advantages: Convenient, useful for emergencies, often required to hold a reservation, purchase expensive items earlier, possibility of receiving bonuses
 - b. 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
21. To check for incorrect or false charges and make sure payments are made on time
22. Answers will vary but may include:
 - a. A lost or stolen credit card should always be reported immediately.
 - b. When using a credit card, sign the back with a signature and “Please See I.D.”
 - c. Do not leave cards lying around.
 - d. Never give out a credit card number unless making purchases.
 - e. If you close a credit card account, notify the credit card company in writing and by phone, then cut up the card.
 - f. Keep a list of all cards, account numbers, and phone numbers separate from cards, in case the card is lost.
 - g. Shred any credit card offers received in the mail.
 - h. Check credit card statements monthly to ensure there are no false charges.