



Personal Finance Virtual Learning

11th and 12th/ Lesson: Using Credit Wisely



Lesson: 4/31/2020

Students will be able to:

- **Understand the elements of credit**
- **Evaluate how use of credit influences credit scores**
- **Explore major consumer credit laws**

Question Starter:

How can you use credit wisely?

Consider the price of the items below



Between the T.V., fashionable outfit, and the candy bar which is most likely paid for using either: **Debit Card, Credit Card (loan), or Cash**

Television-

Fashionable outfit-

Candy Bar-

If you answered: Outfit- debit card
T.V.- credit card (loan), candy bar- cash

You would be on the right track! Also note, any purchase can be made with either monetary method and these are just more likely methods.

Difference between Credit and Debit Cards

A debit card may look like a credit card, but it doesn't extend credit. Credit is borrowing or buying with an agreement to pay later, while a debit card actually withdraws the money from your bank account when a purchase is made. When you use a credit card to make a purchase, you are essentially taking out a loan for the amount of your purchase, and agreeing to pay the amount back with interest.

Now complete the activity:

It's More Than a Piece of Plastic

Exit Ticket:

Is it safer to use cash or debit cards?
Explain your rationale