# **CREDIT CARD COMPARISON**

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

What are some advantages to using a debit card over a credit card?

Explain in the simplest terms you can how a credit card works?

What are 3 potential risks with using credit cards?

What are 3 possible benefits to using credit cards wisely?

What can you do to avoid falling into credit card debt?

## **COMPARISON CHART:**

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| --- | --- | --- | --- | --- | --- |
| **CARD TYPE** | **Interest Rate** | **Annual Fee** | **Grace Period** | **Minimum Payment** | **Perks and Rewards** |
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**CREDIT CARD CHALLENGE:**

You’re at a Canucks regular season game and you’ve just signed up for your first credit card because you were offered a free shirt and really wanted a Canucks t-shirt. You didn’t really pay much attention to the fine print and don’t know a whole lot about credit cards but you are happy to have one to use to buy something you’ve really been wanting for a long time.

Step 1: You decided to purchase this item – PASTE PICTURE, DESCRIPTION, and COST OF ITEM HERE. It can be anything you want within $10, 000 (your new credit card limit). Maybe you decide to go to Mexico, buy a car, buy music passes for all the festivals this summer, anything is possible.

Step 2: After enjoying whatever it was that you purchased you get a credit card bill at the end of the month for the cost of your purchase. You quickly realize that you don’t have enough money in your account to pay for the item but don’t worry! The credit card company is nice enough to offer you a minimum payment option! You only need to pay $40 this month! That shouldn’t be a problem. What you don’t realize is that the credit card company is now going to charge you interest on your remaining balance at 21%! That’s very high! Use <http://www.moneychimp.com/features/debt_payment_calculator.htm> to calculate how long it will take you to pay off your purchase if you only pay $40 each month. How much interest will you end up paying? Take a screen shot of the table and paste it here.

Was your purchase still worth it?

Step 3: Repeat the same calculation as in Step 2 but use the information from one of the credit cards you looked at in your comparison chart. Paste that chart here.

What was the difference between the two cards? Is there risk involved with either option?