

Understanding a Credit Card

What is Credit?

- _____ - when goods, services or money is received in exchange for a promise to pay a definite sum of money at a _____ date.
- **Obtaining Credit**
 - _____ - person or organization that is receiving the money
 - _____ - person or organization who has the resources to provide the borrower money
 - _____ - an individual's ability and willingness to pay the money back
- **Paying Back Credit**
 - Borrower is usually expected to pay _____ in addition to the money _____.
- **Different Forms of Credit**

	Closed-end credit	Open-end (revolving) credit
Definition		
Purpose of loan (what is purchased)		
Payments		
Loan Amount		
Examples		

● **What is a Credit Card?**

- Pre-approved _____ which can be used for the purchase of goods and services now and payment of them later
- May continue to borrow as long as the _____ (maximum dollar amount loaned) is not exceeded
- Credit limit varies based upon the cardholder's _____ creditworthiness
- Rate at which interest is charged is referred to as _____
- Required to make at least a _____ payment each month

	<u>Payment Made</u>	<u>Time to pay off card</u>	<u>Total amount of interest paid</u>	<u>Total amount paid</u>
<u>Full Payment</u>				
<u>Partial Payment</u>				
<u>Minimum Payment</u>				

● **Advantages & Disadvantages to using credit cards**

- Write 4 advantages and 4 disadvantages that have meaning to you.

- _____ is determined by a credit report and/or credit score
- Credit cards can have a _____ or negative impact on an individual's credit _____
- A high credit score gives the opportunity to have _____ interest rates on loans, the privilege to use _____ forms of credit, and an easier approval process for future credit
- What are 3 examples of positive credit card behavior
 - _____
 - _____
 - _____
- What are 3 examples of negative credit card behavior
 - _____
 - _____
 - _____
- What are 4 credit card benefits?
 - _____
 - _____
 - _____
 - _____
- _____ protects from unauthorized credit card charges
- _____ Protects from broken, undelivered, unsatisfied purchases made with credit cards