**Credit Cards and Other Debt January 21, 2014** Name:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

* Credit has become an \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ financial tool and a convenience
* Most students will take on significant amounts of debt in establishing their \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
* However, using credit also has significant \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and many young people do not know how to plan for or \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ the costs of debt
* How is a credit card different from a debit card?
  + Debit card = money transferred directly from \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ to the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (you cannot spend more than you have in your account)
  + Credit card = a type of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ to pay for purchases, but you have to pay the loan by the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ to avoid and minimize interest charges
* You have to apply for a credit card
* Credit card companies charge \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* Cards only approved after a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
  + Based on reasonable income and a good credit history
  + Usually excludes high school students (unless guaranteed by an adult)
* Spending limits vary with the cardholder’s \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* There are many different types of credit cards:
  + \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ cards (Visa, MasterCard, etc.)
  + \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ cards (The Bay, Canadian Tire, etc.)
  + \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ or entertainment cards (American Express, Diner’s Club, etc.)
  + 🡪 They all have different features, repayment rules and interest rates (store cards often have much higher \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ rates)
* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ issue credit cards **in order to *make money***.
* They charge interest and sometimes other fees to cover their costs and profits
* They also charge \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ for using credit card systems
* Why are credit cards widely used?
  + \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
  + Safer than carrying cash (especially in large amounts)
  + Some retailers \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ credit cards (hotels, airlines, and car rentals)
  + Online purchases
  + Cash advance for \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
  + \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ can be useful for recordkeeping
* If you pay your credit card bill in full by the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, you’re not usually charged interest on purchases
  + However, on cash advances, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is charged from the day you take out the money
* Interest charges add to the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of a purchase
* Interest varies from \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (much higher than any interest you’ll make off any savings)
* What other forms of credit are commonly used in Canada?
  + Loan from a bank or other financial institution
  + \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
  + \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
  + Deferred payment plan
  + Overdraft protection
* Loan:
  + From a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ or other financial institution
  + Must repay on a specified \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
  + Interest and other additional fees
* Mortgage:
  + Loan 🡪 usually for buying \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
    - Lender can take possession of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ if loan is not paid on time
  + Line of Credit (LOC)
    - A type of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ loan
    - Allows you to borrow money when you need it up to a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ amount
  + \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Payment Plan
    - A purchase plan in which you delay paying for a purchase for a specified time
    - Usually pay the amount in \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ with interest
* Overdraft protection
  + An arrangement with a financial institution that lets you take out \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ money than you have
  + You must pay monthly \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* Borrow only what you can \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
  + Getting too deeply in debt can keep you from reaching your \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
  + Trying to keep up the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ can mean taking money away from other wants and needs (including your school and career budget)
  + The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_of not paying (collection agency, lawsuits or even bankruptcy) could follow you for many years 🡪 could make it impossible to finance your education or purchase a home
* Understand your contract \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ signing
  + A credit contract is a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_contract
  + If you aren’t sure what it means, don’t sign until you do understand and accept the terms (this is not like updating itunes!)
* Pay amounts as agreed
  + You agree to terms like \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ payments, \_\_\_\_\_\_\_\_\_\_\_ of payment, interest rates, etc.
  + You’re required live up to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* Keep cards, PINs and passwords \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
  + It’s your responsibility to keep them secure so that no one can use them
  + You could be \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ for charges someone else makes using your PIN
  + Losing your card or giving someone else access to it could result in \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ or damage to your credit rating
* Check your credit card slips and statements
  + Checking your \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is the best way to avoid mistakes and detect fraud
  + Check the credit card slip for each purchase against your \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
  + You can often check your transactions \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ before your statement arrives
  + If you find an error or a transaction that’s not yours, immediately contact the credit card company, and ask for details or \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* “Have what you want!”
* “Buy now, pay later!”
* These ideas sound appealing, but sooner or later you *\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*to pay
* Around \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Canadian consumers declare \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ each year, often due to misuse of credit
* Remember, focus on *real* needs, both now and in the future.
* For many people, credit makes it easy to but things they can’t afford
  + They give in to the desire to have things \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, even if they don’t have the money for them
* Think about having access to $5,000 *right now* and what you would buy 🡪 THEN think about how long it would actually take you to earn $5,000...
* Even though everyone is tempted to give in to these impulses, you can practice focusing on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ over time
* Avoid \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ buying 🡪 wait a day or two to see if you still really want the item
* If you can resist short-term impulses, you will get closer to what you really want