**Credit and Debit Cards**

**The Good and The Bad:** When you use a credit card you are borrowing money, but this creates debt. Fill out the chart below with three good reasons and three downsides to using a credit card.

|  |  |
| --- | --- |
| **PROS** | **CONS** |



**Money in the bank!** When you use a **debit card** where does the money come from?

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Interest and Fees:** It costs money to borrow money. Let’s calculate compound interest:

|  |  |  |
| --- | --- | --- |
| **Balance** | **Interest/Year** | **Amount Due End of Year** |
| Begin Y1: $1000 | 10% |  |
| Begin Y2:  | 10% |  |
| Begin Y3:  | 10% |  |

|  |  |  |
| --- | --- | --- |
| Begin Y1: $1000 | 25% |  |
| Begin Y2:  | 25% |  |
| Begin Y3:  | 25% |  |

What is the main concern with paying only the minimum payment each month? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Avoid Interest and Late Fees!**

 What is **the only way** to avoid paying interest when using a credit card? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Be aware!** What are some other fees credit card companies can charge?

 F FEES

POSSIBLE FEES