

6th, 7th & 8th Grade

Math Blizzard Bag

February 20, 2019

Mr. Harrell

Name _____

Date _____

Credit Cards

Read each question and circle the correct answer.

1. When you purchase something with a credit card, you _____.
 - A. automatically improve your credit score
 - B. buy it now and promise to pay for it later
 - C. pay for it now but receive it later
 - D. decrease your debt

2. The bigger the payment that you make on your credit card bill, the _____.
 - A. less interest you will have to pay in total
 - B. more interest you will have to pay in total
 - C. higher your APR
 - D. lower your annual fee

3. If you have good credit, you _____.
 - A. will never have to borrow money
 - B. have never paid back money you owe on time
 - C. are more likely to be denied a loan
 - D. have a history of paying back money you owe on time

4. What is a **minimum monthly payment**?
 - A. the minimum annual percentage rate on credit card
 - B. the minimum amount on your credit card bill you need to pay each month
 - C. the minimum you must purchase with your credit card each month
 - D. the minimum interest you rack up each month

5. Which of the following is a **false** statement?
 - A. Bad credit can make it hard for you to borrow money.
 - B. Some credit cards come with low introductory costs.
 - C. The interest you owe can never be more than your original purchase with a credit card.
 - D. If you pay only the minimum monthly payment, your debt can add up quickly.

Name _____

Date _____

Credit Cards

Use the text to answer each question below.

1. Credit cards buy things without paying for them right away. When you pay for something with credit, you are borrowing money and promising to pay it back. If you have an emergency or need to buy something expensive, they can be a big help. They let you build good credit if you pay your bills in full and on time. Credit cards come with limits. If your card's credit limit is \$2,000, you won't be able to use it to buy something that costs \$2,500.

When you buy something with a credit card, you don't necessarily need to pay that amount of money back that month, or even that year. Each month, you'll get a bill from your credit card company with a **required** minimum payment. It will likely be a small portion of the total amount that you owe. Only paying the **minimum** might be tempting, but it's a bad idea.

Which of the following statements is false?

- | | |
|---|--|
| A. Credit cards let you spend unlimited money. | B. Credit cards have minimum monthly payments. |
| C. Credit cards give you the chance to build good credit. | D. Credit cards let you spend money that you don't have. |

2. Credit card companies make money by charging interest on the money you owe. Interest is determined by the annual percentage rate (APR) for that particular card, and it applies to every purchase you make. Remember Melvin? If he only paid the minimum monthly payment, \$25, it would take him over 7 years to pay off that \$1,000. And that's not all he'd owe. His credit card had a 25% APR, so at the end of 7 years he'll owe more in interest than the amount he borrowed in the first place!

The bigger the payment that you make each time you pay your bill, the less interest you have to pay. If you pay the whole amount, you don't have to pay any interest at all! If you pay the **minimum**, though, you're going to rack up a lot of interest, so avoid doing that whenever you can.

How can you avoid paying interest on your credit card purchases?

- | | |
|--|---|
| A. by only paying the minimum each month | B. by only using your credit card for big purchases |
| C. by having a credit card with a high APR | D. by paying off your whole bill each month |

Name _____ Date _____

Credit Cards

Using Credit Wisely

Uh-huh, Flocab, it's credit time! Let's go!

Meet Melvin, likes new clothes and social media,

He's on that InstaFaceYouTumbITwittEpedia.

Wants to give his girl Vanessa Super Bowl seats,

But he sees tickets cost 500 bucks a piece.

Dang, but he sees an offer in his mailbox,

He wants that Visa-MasterCard-Amex like a real boss.

That's _____ — ya buy now, pay later,

But it also has a dark side: Darth Vader.

Melvin sees he only needs to pay 25 a month,

He's like, "I've got 25 bucks, I'm in luck."

Gets the card, and the tix get _____,

Plus Vanessa wants that jersey—we livin' large!

That month he pays the _____, 25 bucks,

When you only pay the minimum, things get tough.

He didn't check the APR, annual percentage _____,

His is 25%, but now it's too late.

'Cause of _____, the amount that he owes goes up,

Pretty soon he owes the bank 2,000 plus bucks.

He's like, "Forget that, I already went to the game,

I'm not paying this off, these _____ are lame."

But now he's got bad credit, can't buy a car,

Can't rent an apartment, times is hard.

And when the phone rings, do you think it's Vanessa?

Nah, it's just a bunch of _____ collectors.