



Debit or Credit – You Decide

A lesson on payment methods

Lesson by Lis Turner, Federal Reserve Bank of Richmond

Lesson Description

In early agricultural societies, farmers often bought goods or services using credit and paid for them later. Today, farmers may use credit cards or borrow money from banks to purchase items if they do not have money on hand to pay for them. In this lesson, students weigh the advantages and disadvantages of using cash and consumer credit through an explanation of and activities using debit and credit cards.

Age Level

Upper elementary

Content Standards

JUMP\$TART National Standards in K-12 Personal Finance Education

- Planning and Money Management Standard 3: Describe how to use different payment methods.
 - Expectation 2, Grade 4: Explain how checks and debit and credit cards work as payment methods.
- Credit and Debt Standard 1: Identify the costs and benefits of various types of credit.
 - Expectation 1, Grade 4: Explain the difference between buying with cash and buying with credit.
 - Expectation 2, Grade 4: Describe the advantages and disadvantages of using credit.
 - Expectation 5, Grade 4: Explain why using a credit card is a form of borrowing.

Concepts

Credit
Interest
Saving



Objectives

Students will be able to:

- Identify the similarities and differences between a debit and a credit card.
- Explain the advantages and disadvantages of using cash and consumer credit to purchase goods and services.
- Classify purchase scenarios as credit or debit transactions.

Time Required

1 hour

Materials—Lesson

- **Handout 1:** Glossary – Student Worksheet. Make one copy for each student.
- **Handout 2:** Design a Card – Student Worksheet. Make one copy for each student.
- **Handout 3:** Advantage and Disadvantage – Student Worksheet. Make one copy for each student or group of students and a transparency copy for use during discussion.
- **Handout 4:** Debit or Credit – You Decide – Student Worksheet. Make one copy for each student or group of students.
- **Visual 1:** What’s on Your Card? – Make one copy as transparency or use PowerPoint slides.

Materials—Assessment

- Container to hold scenario strips
- Handout 5: Debit or Credit – You Decide assessment game scenario sheets. Print one copy, cut into strips and put strips into a container.
- Visual 2 (Optional): Debit Card and Credit Card Example
- (Optional) Two fly swatters

Procedures

Recommended Warm-up Activity

1. Tell the students that you are going to the store to buy the latest video game. Ask the students for examples of different ways in which you could pay for your new purchase. Write their answers on the board or on an overhead. (*Answers should include cash, check, debit card, gift card, credit card. Students may even name different types of cards such as Visa, American Express, etc., but include these together by writing “credit card” and then the names next to it as examples. If a student says Visa, ask “What is Visa?” then write “credit card” on the board with the word Visa next to it.*)



2. Ask the students to work in pairs or independently and sort the examples given by the class into groups. After five minutes, ask for examples of different ways the list on the board can be sorted. The most obvious examples are the following: (*cash, check because they are both made out of paper; gift card, debit card, credit card because they are all made out of plastic*) Tell the students that you have a different way to sort this group in mind. Put the cash, check, debit card, and gift card in one group and the credit card by itself. Ask the students why the credit card is in a group by itself. (*Answers will vary and students may not know the correct answer.*) Explain that with all examples except the credit card, people have money before they buy the item. Cash is obvious. But, to use a check or debit card people must have money in their accounts and the person who provided the gift card had to have paid a dollar amount for the card. A credit card is a way to obtain goods and services before paying for them. When people charge things on their credit card, they are obtaining a loan – often from a bank. People use money when they repay the loan.
3. Ask the students what a bank is. (*Answers will vary. Some students may know that a bank is where people save and borrow money.*) Explain that a bank is a business in the community where people save and borrow money. Banks also issue debit and credit cards.
4. Distribute Handout 1 – Glossary Student Worksheet. Instruct students to take notes about new terms they learn during the lesson.
5. Explain that the letters **ATM** stand for **Automated Teller Machine**. Discuss the following:
 - An ATM is called this because banks have employees called tellers.
 - Tellers help customers make deposits or withdrawals in the bank lobby or at the bank drive-through window.
 - The ATM may be at the bank, in a mall or on a street corner and performs the same work as a bank teller.
 - Customers with debit and credit cards insert a plastic card into the ATM and enter a personal identification number (PIN). The requested amount of money is deducted from their account and comes out of a slot in the ATM.
 - If the customer uses a debit card at an ATM, the money comes from the customer’s own checking or savings account.
 - If the customer uses a credit card at an ATM, the money is a loan, and must be paid back to the bank.

Ask the students if they have been with an adult who withdrew money from an ATM or paid for a purchase in a store with a plastic card. (*Answers will vary, but most will be able to say yes.*) Tell the students that the adults may have used credit cards or may have used debit cards. Today’s lesson is about how credit cards and debit cards are different ways to pay for items. The plastic cards might look the same and people can get them both from a bank, but one makes it easy to get a loan while the other makes it easy for people to get their own money.



6. **Define Credit Card.** A credit card is a plastic payment card often issued by a bank. It authorizes the delivery of goods and services in exchange for future payment with interest. Customers receive a monthly bill and may be charged a yearly fee.
7. **Define Debit Card.** A debit card is a plastic card that allows holders to purchase goods or services with funds that are deducted immediately from their checking or savings accounts

Activity

8. Discuss the following:
 - There are many ways to pay for goods and services we purchase. **Saving** is putting money away to spend later. Many people use a savings account at their bank to save for big items they wish to purchase in the future. They can also purchase these big items using credit.
 - Using **credit** is actually getting a loan from a bank or the store. If people use credit to buy a good or service now, they must pay for it later. When used wisely, credit can be useful.
 - When people borrow money to purchase something, the total paid for the item may be more than if they paid cash for it.
 - Customers have to pay **interest** if they don't pay the whole bill when it comes.
 - In the early days of our country, there were no commercial banks, as we know them today, and no credit cards, but credit was available. Ask the students how farmers in colonial times got the goods and services they needed when they did not have cash to pay for them. (*Farmers often purchased goods and services on credit and paid their bill when the crops were harvested and sold.*)
 - By saving to buy large items later instead of buying them on credit now, customers avoid paying credit card fees and interest payments.
 - When people deposit money in bank accounts, the bank uses some of this money to lend to borrowers. Borrowers pay the bank the amount they borrowed plus interest. The bank is using the depositors' money. In exchange, the bank pays its depositors part of the interest they receive from borrowers.
9. Explain that although there are many similarities between bank debit and credit cards, there are also a number of differences. Discuss the following:
 - Debit cards provide a way for customers to make purchases using funds from their checking or savings accounts so they don't have to carry cash or a checkbook.
 - If the money for debit card purchases comes from customers' checking accounts, the debit card may be called a check card.
 - The monthly statement from the bank shows the amount deducted from a customer's account for purchases made with the debit/check card.



- A credit card provides a way to make purchases using funds obtained through a loan from a bank or store.
 - At the time of a credit card purchase, the customer does not pay cash or take money from a bank account. Later the customer receives a bill showing the purchases made with the credit card. If it is not paid back in full, interest is charged on the unpaid balance. In addition, there may be a yearly fee for the card.
- If the balance owed in the previous month is not paid in full, the next statement will show a new balance. $\text{Unpaid balance} + \text{new purchases} + \text{INTEREST on unpaid balance} = \text{new balance}$
- Every time interest is added, it extends the time it will take to pay back the loan.
- If interest is added to the purchase price of a good or a service, the price actually paid for the item will be more than the original purchase price.

10. Distribute Handout 2 – Design a Card Student Worksheet. Show Visual 1 – What’s on Your Card? as a PowerPoint slide or transparency. Using Handout 2, have the students design their own cards as you discuss or after you discuss the following:

- There are similarities between bank debit and credit cards, including:
 - Size and shape
 - Both cards can be issued by a bank.
 - Both cards have the same information on front.
- Point out the following information on the front of the card using Visual 1.
 - The card holder’s FULL name (not a nickname)
 - The card holder’s account number
 - Indicate whether it is a debit/check card or credit card.
 - The card holder’s photo, which may appear on the card.
- Ask, why is it good to have your photo on your debit or credit card? (*Helps make sure the owner of the card is the one using it. Makes it more difficult for people to use stolen cards.*)
- Point out information on the back of the card using Visual 1.
 - A place for card holders to sign their name. Ask, why should you sign your name on your cards? (*Your signature is protection. It is your handwriting. You should always sign your name so someone else won’t get your card, sign it and use it to buy things.*)
 - A magnetic strip containing your bank information
 - Numbers used for identification when the card holder makes phone purchases
 - A phone number on the back of the card that can be used to contact the bank card company. Card holders should always copy this number down and keep it someplace where it can be found easily if the card is lost. These numbers are also available on the card’s Web site.



11. Discuss the advantages and disadvantages of bank debit and credit cards using the chart below.

CARD TYPE	ADVANTAGE	DISADVANTAGE
DEBIT CARD	<ul style="list-style-type: none"> You don't have to carry cash or a checkbook. It's safe because only you know your PIN (personal identification number). Without the PIN, no one else can access your money at an ATM. If someone steals your card, you're only responsible for part of the purchases they make. 	<ul style="list-style-type: none"> You must have enough money in your account to cover purchases. You have to remember your PIN to access cash. If you don't record your purchases, you may overdraw your account and have to pay a fine.
CREDIT CARD	<ul style="list-style-type: none"> You can buy things before you have saved the entire purchase price. It is a way to pay for emergency expenses. If someone steals your card, you're only responsible for part of the purchase they make. It is convenient and makes it easy to have a record of your expenses. 	<ul style="list-style-type: none"> You may have to pay a yearly fee for the card. You pay interest on the unpaid monthly balance. Because of the interest, you may pay more for items than if you paid cash.

12. Distribute Handout 3: Advantage and Disadvantage – Student Worksheet. Have the students work in pairs or groups to complete the worksheet or assign as homework and then share their answers with the class. You may wish to use a transparency of Handout 3 as you lead the discussion.

13. Review the What I Learned About the Word section of Handout 1: Glossary – Student Worksheet.

Closure

14. Ask the students the following questions:

- How are debit and credit cards similar? *(The cards may be similar in size and shape, contain similar information and both may be issued by a bank.)*
- How are debit and credit cards different? *(The money for debit card purchases is deducted from the customer's checking or savings account. The money for credit card purchases is actually a loan which must be paid back. Interest will be charged on the loan if it is not paid in full each month.)*
- What are some advantages of using a debit card to access cash to pay for an item? *(You don't have to carry cash or a checkbook. It's safe because only you know your PIN. Without the PIN, no one else can access your money at an ATM. If someone steals your card, you're only responsible for part of the purchases they make.)*



- What are the disadvantages of using a debit card to access cash to pay for an item? *(You must have enough money in your account to cover purchases. You have to remember your PIN to access cash. If you don't record your purchases, you may overdraw your account and have to pay a fine.)*
- What are the advantages of using a credit card to pay for an item? *(You can buy things before you have saved the entire purchase price. It's a way to pay for emergency expenses. If someone steals your card, you're only responsible for part of the purchases they make. It is convenient and it makes it easy to have a record of your expenses.)*
- What is the disadvantage of paying for an item with a credit card? *(You may have to pay a yearly fee. You pay interest on the unpaid monthly balance. Because of the interest, you may pay more for items.)*
- How was credit used in our country before there were banks and credit cards? *(Farmers often purchased goods and services on credit and paid their bill when the crops were harvested and sold)*
- If credit had not been available, what impact could it have had on the development of our country? *(If farmers had not been able to use credit to purchase the seeds, animals, farm equipment etc., the quantity of goods and services they were able to produce would have diminished and their income been reduced. Therefore, their ability to make purchases of goods and services from others would have been limited and the overall pace of the development of our country might have been slower.)*
- Can you think of a situation where you might decide to use a credit card to pay for something – even if you knew you couldn't pay it off right away? *(Answers will vary, but you want to make the point that credit cards are good to have for emergencies – such as medical and household emergencies and, natural disasters such as hurricanes and floods, etc. Even if you can't pay the total balance off right away, you should always pay as much as you can and pay it off as quickly as you can.)*

15. Distribute Handout 4: Debit or Credit – You Decide – Student Worksheet. Have students work individually or divide the students into teams to complete the worksheet and share their answers. Offer “extra credit” to students or teams that can add one or more examples of debit and/or credit card uses from their personal experiences with an adult.

Assessment

16. Divide the class into two teams. Play the Debit or Credit – You Decide game.
- Print Handout 5. Cut scenarios into strips and put into a container.
 - Print Visual 2 – Debit Card and Credit Card examples. Cut apart and post on the board about two feet apart, or write the words “Debit Card” and “Credit Card” in large letters on the board.
 - Give each team a fly swatter. (Optional)
 - Call one student from each team to the front of the room with the team's fly swatter. Have them face the board with the examples or words “Debit Card” and “Credit Card.”
 - Pull a scenario from the container and read it. The first team member to swat the correct word with the fly swatter wins the point if the student can tell WHY he picked that card. If the student selects the wrong answer, the other team's member has one chance to score the point if he/she can explain why the other team's answer was wrong. The key is the student should know why each scenario describes



a debit or credit charge. NOTE – If fly swatters are not available, students can stand under the correct category on the board.

- Key concepts the students should know when identifying the correct card.
 - Credit cards issue monthly statements and a bill must be paid.
 - Interest is charged on the unpaid balance as well as new credit card purchases.
 - The price of items purchased on credit may be greater than if they had been purchased with cash.
 - Money to pay for purchases made with debit cards comes from existing checking or savings accounts.



Handout 1: Glossary – Student Worksheet

Adapted from: <http://www.investorwords.com> and <http://www.jumpstart.org/guide.html>

WORD	WHAT I LEARNED ABOUT THE WORD
Account: A record of the money deposited.	
ATM: Automated Teller Machine. A computer terminal that performs the duties of a bank teller.	
Balance: The amount of money in an account.	
Bank Teller: A bank employee who helps you make deposits or withdrawals in the bank lobby or at the drive-through window.	
Credit: An agreement to provide goods, services or money in exchange for future payment. The use of someone else's money for a fee.	
Credit Card: A plastic payment card, often issued by a bank that allows customers to take a loan to purchase goods and services.	
Debit Card: A plastic payment card, often issued by a bank, that allows holders to purchase goods and services with funds that are deducted immediately from their checking or savings accounts.	



WORD	WHAT I LEARNED ABOUT THE WORD
<p>Interest: 1. Price of using someone else's money. 2. Earnings from lending money.</p>	
<p>Loan: Money borrowed to purchase a good or service.</p>	
<p>PIN: Personal Identification Number. A safety feature for your accounts. A secret number used to access your account.</p>	
<p>Saving: Putting money away to spend at a later time.</p>	
<p>Unpaid Balance: The amount of a (credit card) bill that remains unpaid.</p>	



Handout 3: Advantage and Disadvantage – Student Worksheet

CARD	ADVANTAGE	DISADVANTAGE
DEBIT CARD	<ul style="list-style-type: none"> You don't have to carry _____ or a _____ It's _____ because only you know your PIN. Without the _____ no one else can access your money at an ATM. 	<ul style="list-style-type: none"> You must have enough _____ in your account to cover your purchases. You have to remember your _____ to access your cash. If you don't record your purchases, you may overdraw and have to pay a _____
CREDIT CARD	<ul style="list-style-type: none"> You can buy things before you have _____ all of the purchase price. If someone _____ your card, you're only responsible for part of the purchases they make. It's a way to pay for _____ expenses. 	<ul style="list-style-type: none"> You may have to pay a yearly _____ for the card. You pay _____ on the unpaid balance. Because of the interest, you may pay _____ for items.

WORD BANK: (one word is used twice)

**CASH
INTEREST
SAFE**

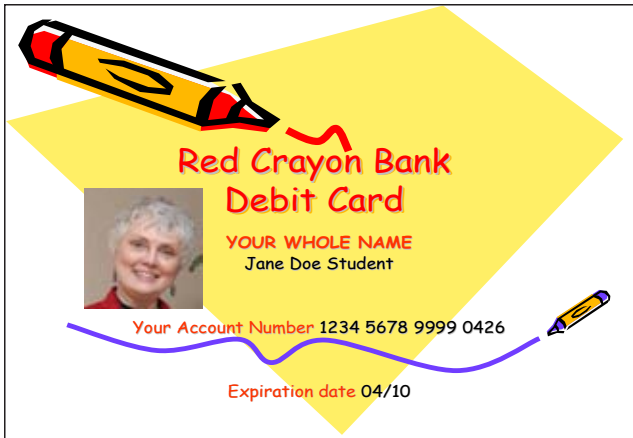
**CHECKBOOK
MORE
SAVED**

**EMERGENCY
MONEY
STEALS**

**FEE
FINE
PIN**



Handout 4: Debit or Credit – You Decide – Student Worksheet



INSTRUCTIONS: Look at the bank transaction in the first column. Decide whether a debit card or a credit card was used for the bank transaction and put an X in the correct column.

TRANSACTION	CREDIT CARD	DEBIT CARD
Your mom goes to the ATM at the bank and withdraws \$300 from her savings account with her card.		
Your grandmother takes you out for pizza for your birthday. She pays with a card and money for the bill comes out of her checking account.		
Your aunt buys you a new outfit for the first day of school. She pays with a card and tells you she'll pay for it at the end of the month when she gets her bill.		
Your mom buys groceries and pays with a card. She also gets \$30 in cash from her checking account at the bank at the same time.		
Your family is on vacation and you need more cash. Your dad goes to the ATM and gets a \$500 cash advance. He says, "Just one more vacation expense we'll have to pay off when we get home."		
Your dad goes to the gas station, fills up the car with gas and pays with his card. He will get a bill at the end of the month for the gas.		



Handout 5: Debit or Credit – You Decide game scenarios

1. Your mom goes to the ATM at the bank, uses her PIN and withdraws \$300 from her savings account with her card.
2. Your dad goes to the gas station, fills up the car with gas and pays with his card. The price of the gas shows up on a bill for the card he gets at the end of the month.
3. Your grandmother takes you out for pizza for your birthday. She pays with a card and money for the bill comes out of her checking account.
4. Your dad takes you to the doctor and pays with a card. The doctor's fee shows up on the monthly bill for his card.
5. It's time for the family car to be inspected. Your dad pays for it with a card. The payment for the inspection shows up on his monthly bill for the card.
6. You and your family are at the circus. Your dad buys a big stuffed elephant as a souvenir and pays for it with a card. The money comes out of his checking account.
7. Your dad goes to the ATM at the bank and withdraws \$200 from his checking account with a card. He has to use his PIN.
8. Your aunt buys you a new outfit for the first day of school. She pays with a card and tells you she'll pay for it at the end of the month when she gets her bill.
9. Mother's Day is coming up. Your dad takes you to the store to buy your mom a bottle of perfume. He pays for the purchase with a card and gets \$20 in cash back too.
10. Your mom gets the monthly bill for her card. She has used the card so much she is unable to pay off the total bill. She is very unhappy because she is going to have to pay interest on the bill for this card next month.
11. Your mom takes you to a fast food restaurant for a burger and fries. She pays with a card and the price of the meal shows up on her monthly bill.
12. Your mom buys groceries and pays with a card. She also gets \$30 in cash from her checking account at the same time.



13. Your family is on vacation and you need more cash. Your dad goes to the ATM and gets a \$500 cash advance. He says, "Just one more vacation expense we'll have to pay off when we get home." The cash advance shows up on his bill at the end of the month.
14. You go to the dentist and your mom pays with a card. The payment comes out of her checking account.
15. Your dog has to go to the vet for his rabies vaccination. Your mom pays with a card. The cost of the visit to the vet shows up on her monthly bill.
16. Father's Day is coming up. Your mom takes you to the store to buy your dad some golf balls. She pays for the purchase with a card and gets \$100 in cash back. The money comes from her checking account.
17. Your family car needs an oil change. Your mom pays for it with a card. The money comes out of her checking account.
18. Your cat has ear mites. Your dad pays for the visit to the vet and the medicine with his card. He says, "Good thing there is money in our checking account to cover it."
19. It's the end of August and you need school supplies. Your mom pays for them with her card. The bill for your school supplies shows up on her monthly card statement. It is small enough to pay now so she does not have to pay interest.
20. You've made the cheerleading squad for the local soccer team. Your mom takes you to buy your uniform. She pays for the uniform with a card and gets a bill at the end of the month.
21. You made the softball team. YEAH!!! Dad takes you to buy a uniform. He pays for the purchase with a card, enters his PIN and gets \$20 in cash back from his checking account.
22. You got the lead in the school play. Your mom stops at the ATM to get \$50 from her savings account then takes you to the fabric store to get supplies to make your costume.
23. You are going on a field trip with your class and want a disposable camera. Your mom pays for the camera with a card. The money comes from her checking account.
24. You're going to run for class president. You need supplies to make your posters. It's the day before pay day and your mom doesn't have enough money in her checking account. She stops at the ATM to get a \$50 cash advance. She sees the charge for the cash advance on her monthly bill. If she doesn't pay it all back, the bank will charge her interest.



25. You are going on a field trip with your class and want to purchase a disposable camera, some bottled water and snacks. Your mom pays for the field trip supplies with a card. She gets the bill for the supplies on her monthly card statement.
26. Your dad gets the monthly bill for his card. He has used the card so much he is unable to pay off the total bill. He says, "Darn, now I'm going to have to pay interest on the bill for this card next month."
27. Your parents are teaching you good savings habits and have opened a savings account for you at the local bank. They keep your bank card for the account. You have been saving your allowance and birthday gifts for a long time so you could purchase a Wii. You purchase the Wii using the bank card. The money comes out of your savings account.
28. Super Bowl Sunday is coming and your family wants a fancy new HDTV for their Super Bowl party. They buy the TV and pay for it with a card. Your dad says, "Wow, I want that TV, but I really don't want to see the bill. It's going to take forever to pay it off. I hate to see the interest we're going to have to pay on this!"
29. Your family car is hit by someone talking on a cell phone while driving. Fortunately no one is seriously hurt, but the car has some serious damage. Your mom pays for the repairs with a card. She says, "I sure hope the insurance company pays us soon so we can pay the bill when it comes. I'd hate to have to pay interest on this bill!"



Answers - Handout 1: Glossary – Student Worksheet

Adapted from: <http://www.investorwords.com> and <http://www.jumpstart.org/guide.html>

WORD	WHAT I LEARNED ABOUT THE WORD
Account: A record of the money deposited.	May be for a savings or checking account.
ATM: Automated Teller Machine. A computer terminal that performs the duties of a bank teller.	If customers use their credit card in the ATM, they get a loan. If customers use their debit card in the ATM they withdraw money from a checking or savings account.
Balance: The amount of money in an account.	Equals deposits minus withdrawals.
Bank Teller: A bank employee who helps you make deposits or withdrawals in the bank lobby or at the drive-through window.	May work in the bank lobby or at the drive-through window.
Credit: An agreement to provide goods, services or money in exchange for future payment. The use of someone else's money for a fee.	There may be interest charged if the payment is not in full.
Credit Card: A plastic payment card, often issued by a bank that allows customers to take a loan to purchase goods and services.	Customers receive a monthly bill and may pay a yearly fee for using the card.
Debit Card: A plastic payment card, often issued by a bank, that allows holders to purchase goods and services with funds that are deducted immediately from their checking or savings accounts.	Funds for payment are deducted immediately from their checking or savings accounts.



WORD	WHAT I LEARNED ABOUT THE WORD
Interest: 1. Price of using someone else's money. 2. Earnings from lending money.	Interest can increase cost of items bought with credit card.
Loan: Money borrowed to purchase a good or service.	The money a bank lends you to cover your purchases with your credit card is a loan. You must pay it back.
PIN: Personal Identification Number. A safety feature for your accounts. A secret number used to access your account.	You set up this number with the bank to protect the money in your accounts. Before using your debit card, you must punch in the PIN to let the bank know it is OK to take the money out of your accounts. If the number is entered incorrectly, the money cannot be taken out of your accounts.
Saving: Putting money away to spend at a later time.	Saving provides ready cash for emergencies and short-term goals.
Unpaid Balance: The amount of a (credit card) bill that remains unpaid.	Often, interest is added to the unpaid balance, which increases the cost of items purchased with credit cards.



Answers – Handout 2: Design a Card – Student Worksheet

DEBIT CARD ANSWERS

- I designed a DEBIT CARD.
- The money I spend with this card COMES FROM MY EXISTING ACCOUNTS.

I must have enough money in my checking or savings account to pay for my purchase in order to use this card to buy it. TRUE

Because interest is charged on my unpaid balance with this card, I may pay more for items I purchase with it than if I pay cash. FALSE

CREDIT CARD ANSWERS

- I designed a CREDIT CARD.
- The money I spend with this card IS A LOAN FROM THE BANK OR FROM THE CREDIT CARD COMPANY.

I must have enough money in my checking or savings account to pay for my purchase in order to use this card to buy it. FALSE

Because interest is charged on my unpaid balance with this card, I may pay more for items I purchase with it than if I pay cash. TRUE



Answers Handout 3: Advantage and Disadvantage – Student Worksheet

CARD	ADVANTAGE	DISADVANTAGE
<p>DEBIT CARD</p>	<p>You don't have to carry CASH or a CHECKBOOK</p> <p>It's SAFE because only you know your PIN.</p> <p>Without the PIN, no one else can access your money at the ATM</p>	<p>You must have enough MONEY in your account to cover your purchases.</p> <p>You have to remember your PIN to access your cash.</p> <p>If you don't record your purchases, you may overdraw And have to pay a fee.</p>
<p>CREDIT CARD</p>	<p>You can buy things before you have SAVED all of the purchase price.</p> <p>If someone STEALS your card, you're only responsible for part of the purchases they make.</p> <p>It's a way to pay for EMERGENCY expenses.</p>	<p>You may have to pay a yearly FEE for the card.</p> <p>You pay INTEREST on the unpaid balance.</p> <p>Because of the interest, you may pay MORE for items.</p>

WORD BANK: (PIN is used twice)

CASH
INTEREST
SAFE

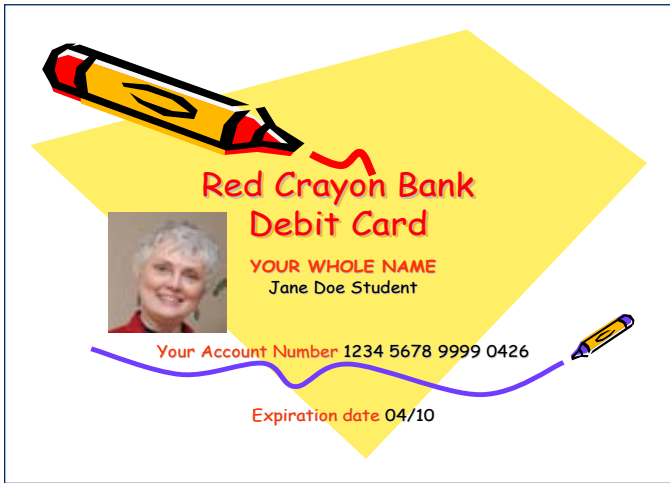
CHECKBOOK
MORE
SAVED

EMERGENCY
MONEY
STEALS

FEE
PIN
FINE



Answers Handout 4: Debit or Credit – You Decide – Student Worksheet



TRANSACTION	CREDIT CARD	DEBIT CARD
Your mom goes to the ATM at the bank and withdraws \$300 from her savings account with her card.		X
Your grandmother takes you out for pizza for your birthday. She pays with a card and money for the bill comes out of her checking account.		X
Your aunt buys you a new outfit for the first day of school. She pays with a card and tells you she'll pay for it at the end of the month when she gets her bill.	X	
Your mom buys groceries and pays with a card. She also gets \$30 in cash from her checking account at the bank at the same time.		X
Your family is on vacation and you need more cash. Your dad goes to the ATM and gets a \$500 cash advance. He says, "Just one more vacation expense we'll have to pay off when we get home."	X	
Your dad goes to the gas station, fills up the car with gas and pays with his card. He will get a bill at the end of the month for the gas.	X	



Handout 5: Debit or Credit – You Decide game scenarios

1. Your mom goes to the ATM at the bank, uses her PIN and withdraws \$300 from her savings account with her card.....**DEBIT**
2. Your dad goes to the gas station, fills up the car with gas and pays with his card. The price of the gas shows up on a bill for the card he gets at the end of the month.**CREDIT**
3. Your grandmother takes you out for pizza for your birthday. She pays with a card and money for the bill comes out of her checking account.....**DEBIT**
4. Your dad takes you to the doctor and pays with a card. The doctor’s fee shows up on the monthly bill for his card.....**CREDIT**
5. It’s time for the family car to be inspected. Your dad pays for it with a card. The payment for the inspection shows up on his monthly bill for the card.....**CREDIT**
6. You and your family are at the circus. Your dad buys a big stuffed elephant as a souvenir and pays for it with a card. The money comes out of his checking account.**DEBIT**
7. Your dad goes to the ATM at the bank and withdraws \$200 from his checking account with a card. He has to use his PIN.**DEBIT**
8. Your aunt buys you a new outfit for the first day of school. She pays with a card and tells you she’ll pay for it at the end of the month when she gets her bill.....**CREDIT**
9. Mother’s Day is coming up. Your dad takes you to the store to buy your mom a bottle of perfume. He pays for the purchase with a card and gets \$20 in cash back too.**DEBIT**
10. Your mom gets the monthly bill for her card. She has used the card so much she is unable to pay off the total bill. She is very unhappy because she is going to have to pay interest on the bill for this card next month.....**CREDIT**
11. Your mom takes you to a fast food restaurant for a burger and fries. She pays with a card and the price of the meal shows up on her monthly bill.**CREDIT**
12. Your mom buys groceries and pays with a card. She also gets \$30 in cash from her checking account at the same time.....**DEBIT**



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13. Your family is on vacation and you need more cash. Your dad goes to the ATM and gets a \$500 cash advance. He says, “Just one more vacation expense we’ll have to pay off when we get home.” The cash advance shows up on his bill at the end of the month. **CREDIT**
 14. You go to the dentist and your mom pays with a card. The payment comes out of her checking account. **DEBIT**
 15. Your dog has to go to the vet for his rabies vaccination. Your mom pays with a card. The cost of the visit to the vet shows up on her monthly bill.
 16. Father’s Day is coming up. Your mom takes you to the store to buy your dad some golf balls. She pays for the purchase with a card and gets \$100 in cash back. The money comes from her checking account. **DEBIT**
 17. Your family car needs an oil change. Your mom pays for it with a card. The money comes out of her checking account. **DEBIT**
 18. Your cat has ear mites. Your dad pays for the visit to the vet and the medicine with his card. He says, “Good thing there is money in our checking account to cover it!” **DEBIT**
 19. It’s the end of August and you need school supplies. Your mom pays for them with her card. The bill for your school supplies shows up on her monthly card statement. It is small enough to pay now so she does not have to pay interest. **CREDIT**
 20. You’ve made the cheerleading squad for the local soccer team. Your mom takes you to buy your uniform. She pays for the uniform with a card and gets a bill at the end of the month. **CREDIT**
 21. You made the softball team. YEAH!!! Dad takes you to buy a uniform. He pays for the purchase with a card, enters his PIN and gets \$20 in cash back from his checking account. **DEBIT**
 22. You got the lead in the school play. Your mom stops at the ATM to get \$50 from her savings account then takes you to the fabric store to get supplies to make your costume. **DEBIT**
 23. You are going on a field trip with your class and want a disposable camera. Your mom pays for the camera with a card. The money comes from her checking account. **DEBIT**
 24. You’re going to run for class president. You need supplies to make your posters. It’s the day before pay day and your mom doesn’t have enough money in her checking account. She stops at the ATM to get a \$50 cash advance. She sees the charge for the cash advance on her monthly bill. If she doesn’t pay it all back, the bank will charge her interest. **CREDIT**



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25. You are going on a field trip with your class and want to purchase a disposable camera, some bottled water and snacks. Your mom pays for the field trip supplies with a card. She gets the bill for the supplies on her monthly card statement.**CREDIT**
26. Your dad gets the monthly bill for his card. He has used the card so much he is unable to pay off the total bill. He says, "Darn, now I'm going to have to pay interest on the bill for this card next month."**CREDIT**
27. Your parents are teaching you good savings habits and have opened a savings account for you at the local bank. They keep your bank card for the account. You have been saving your allowance and birthday gifts for a long time so you could purchase a Wii. You purchase the Wii using the bank card. The money comes out of your savings account.....**DEBIT**
28. Super Bowl Sunday is coming and your family wants a fancy new HDTV for their Super Bowl party. They buy the TV and pay for it with a card. Your dad says, "Wow, I want that TV, but I really don't want to see the bill. It's going to take forever to pay it off. I hate to see the interest we're going to have to pay on this!"**CREDIT**
29. Your family car is hit by someone talking on a cell phone while driving. Fortunately no one is seriously hurt, but the car has some serious damage. Your mom pays for the repairs with a card. She says, "I sure hope the insurance company pays us soon so we can pay the bill when it comes. I'd hate to have to pay interest on this bill!"**CREDIT**



Visual 1: What's On Your Credit Card?

What's on the front of your card?

- The name of the bank issuing the card
- Debit or Credit
- Your whole name, not a nickname
- Your account number
- The date when the card expires

What's on the back of your card?

- Contact information for the issuing bank
- A number to call if the card is lost or stolen
- A magnetic strip with your bank information on it
- Special numbers to use for phone purchases by credit/debit card
- A space for you to sign your FULL name



Visual 2: Debit Card and Credit Card Examples

