

# ANSWERS

ANSWERS  
PAGE 2

## Activity 1.2 - Differentiating between short, medium and long term goals.

PERSON	AMOUNT TO BE SAVED	AMOUNT SAVED EACH MONTH	NUMBER OF MONTHS	NUMBER OF YEARS	SHORT, MEDIUM OR LONG TERM GOAL
Anya	\$1200.00	\$20.00	60	5	L
Brent	\$100.00	\$10.00	10	Less than 1 yr.	M
Cherise	\$720.00	\$30.00	24	2	M
Daniel	\$600.00	\$50.00	12	1	M
Emily	\$90.00	\$30.00	3	Less than 1yr.	S
Frank	\$3,600.00	\$100.00	36	3	L

ANSWERS  
PAGE 13

## Activity 5.1- Managing Credit Card Debt Quiz

**Q - Paying your credit card bill just a couple of days after the due date will not affect your interest. True or false?**

**ANSWER: FALSE.** Whether your credit card bill payments are late by a couple of days or several weeks, you will be charged interest on the amount to be paid.

**Q - All credit cards have the same grace period (also known as the interest-free period). True or false?**

**ANSWER: FALSE.** The grace period is the time between the statement date and the payment due date, and is provided by the credit card issuer.

**Q - If you use your credit card to take money out as a "cash advance," you won't have to pay interest on the amount you've withdrawn as long as you pay your credit card bill in full by the due date on your statement. True or false?**

**ANSWER: FALSE.** Banks and credit card companies treat cash advances differently from purchases made with a credit card. With a cash advance, you are charged interest from the day you receive the cash advance until the day it is paid off in full.

**Q - Without a good credit history...**

- a) Your bank may charge you higher interest rates on a personal loan for a car, house, etc.
- b) Your bank may refuse to give you a loan.
- c) You might not be able to get a lease on an apartment.
- d) A and B only.
- e) All of the above.

**ANSWER: All of the above.** A poor credit rating can affect your life in many ways. That's why it's very important to have a good credit history!

# ANSWERS

ANSWERS  
PAGE 14

## Activity 5.2 - Think Tank – Scenarios

### WHAT WOULD YOU DO?

IN A GROUP OR AS AN ASSIGNMENT, REVIEW THE FOLLOWING SCENARIOS AND SEE WHICH OPTIONS WOULD BE BEST FOR YOU.

**1. Your monthly credit card bill shows a charge for \$250 for a meal at a restaurant in another city. You've never been there. You refuse to pay, but the charge appears on your next billing statement, with interest added. What do you do? Why?**

A - Contact your credit card company immediately. There is usually an option on the back of your bill to dispute any charges that you did not make.

**2. In applying for a credit card, you are offered a "Card Guard" insurance option for only 60 cents per month for each \$100 charged. The program will protect you against lost and stolen cards. It will also pay any outstanding credit card balances should you die. Should you take it? Why or why not?**

A - No. This is a costly insurance option. If a card is lost or stolen, notify your credit card company immediately. In the event that you die, generally, unless you have a joint account with someone, your family members are not liable for your debt.

**3. Your bank offers you a new option – card cheques. It says you can use them just like cheques and there is no charge to sign up for the convenient service. A few personalised cheques are provided in the mailing. Should you accept? Why or why not?**

A - Ask what the charges are for additional personalised cheques. If there is a fee, you should think twice before adding this new option to your account. Always read the fine print on additional offers.

**4. You just got your first credit card and realised that you have spent all of your available credit and will only have enough money to pay off your credit card at the end of the month. What should you do?**

A - Ideally you should pay off your credit card debt so as to not incur unnecessary interest, even if that means having to sacrifice a few luxuries in the following month.

**5. Your friend tells you about his new credit card and all his great purchases and benefits of having this card. He encourages you to get the same card he has. Should you proceed to get this card?**

A - If you do decide to get a credit card, you should shop around for options and see which credit card best suits your needs and your pocket. Look at the charges being applied to the card and see if it is within your budget.