

Managing Your Debt

UNIT FIVE

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

FALSE

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

TRUE

FALSE

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If you use your credit card to take money out as a “cash advance,” you won’t have to pay interest on the amount you’ve withdrawn as long as you pay your credit card bill in full by the due date on your statement.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?

TRUE

FALSE

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.



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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?

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?

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?

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?

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?

