

KID\$ & MONEY



A newsletter for young people

CREDIT AND DEBIT

Credit Cards

Do you know the difference between a credit card and a debit card? The difference is a big one and is important to know.

A credit card is a great tool when you use it properly, but if you don't, that really can hurt your credit score. A credit score is a number that a bank or credit union can look at to see if you're responsible enough to borrow and repay a loan the bank gives you.

One important thing to know is that when you buy something with a credit card, the money doesn't come out of your bank account until you pay the credit card charges off every month. That is the part that can get people in trouble. When you don't pay your credit card bill, this will lead to bad credit and no one will give you a loan because they don't trust you will pay them back.

I know you don't care about loans right now because you may not need one for a while, but thinking into the future, you may want to buy a car one day. You probably will need a loan when you buy your first car, so when you get a credit card, which may be a while from now, being smart with it is important.

Debit Cards

A debit card is a little easier, and you probably will get one of these before a credit card. If you use your debit card to buy something, that money will be taken out of your account automatically. Pretty simple, right? You just need to make sure you keep an eye on how much money is in your bank account because if you spend more money than what is available, you will be denied the purchase or you may get charged a fee.

Two similarities of a debit/credit card

1. _____
2. _____

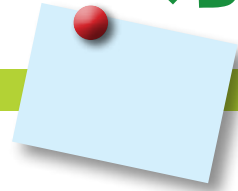
Two differences of a debit/credit card

1. _____
2. _____



MONEY AND YOUR KID\$

A newsletter for parents



CREDIT AND DEBIT CARDS

Credit Cards

I'm sure most of you have at least one credit card, but do you know how to use it responsibly? A credit card could be a very useful tool for anyone if you use it properly.

However, misusing it could result in bad credit and being charged interest and/or late fees. If you continue not paying off your credit card bill, the bank may end up freezing your account.

Something a lot of people get confused about is that you should pay all of your statement balance, not just the minimum balance. If you just pay the minimum balance, you will be charged interest and will end up paying more money than you should be, which no one wants.

Don't get a credit card for the wrong reasons. Just because you don't have to pay right away when you buy something does not mean you don't ever have to pay for it. Being responsible with your credit card is important because you don't want to pay more than you owe or earn bad credit.

Debit Cards

Most of you probably also have a debit card, and maybe you're thinking of getting your child a debit card within the next few years. A debit card is something that is easy to handle. It also is a place where children can put their money that could be safe as long as you teach them to use it properly.

Making sure children can get logged into their debit account right away is important. They need to be able to see how much money they have in their account so they aren't overcharging or making unnecessary charges.

What's also important is for you and your child to know that debit and credit cards are your responsibility. You need to make sure you know what you are doing; otherwise, someone can hack into your account and take your money. You may have only 24 hours to report someone taking your money. Therefore, you need to remember to be checking your account regularly.



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