



for Grades 3-5



Teacher Presentation Slides

for use with Educator Guide



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LEVEL 2, LESSON 5

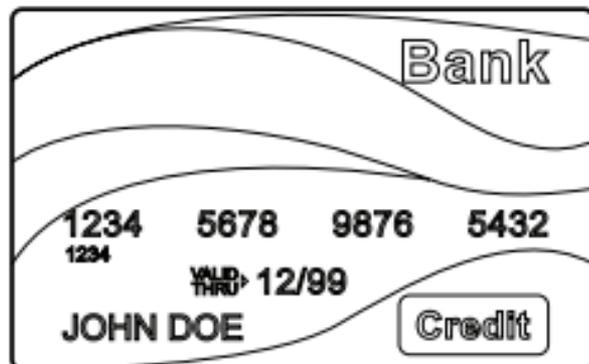
WHAT IS CREDIT?

Credit is a loan. When you pay using credit, you are borrowing money.

A **credit card** is a plastic card that lets you pay using credit. The card has a limit on how much you can **charge** (spend).

Each month, you receive a credit card statement. It is record of your purchases and how much you owe. If you don't pay all the money back on time, you have to pay it back with interest.

- For example, let's say your October credit card statement shows you owe \$250. The money is due by November 5. If you can, you should pay back the \$250 on time. If you can only pay back \$100, then you would owe \$150 plus interest.



WHAT IS CREDIT? (CONTINUED)

Money experts give this advice: Only use a credit card for things you can afford. Then pay all of the money back on time. Otherwise, you might have to pay a lot of money in interest. Money you owe is called **debt. If you don't pay it back in time, that debt can grow and grow. Why use credit cards? They are a quick and convenient way to pay. They can also help in an emergency. For example:**

- **Let's say you have no cash left and you need to buy lunch. You can pay using a credit card.**
- **You might need to have your bicycle repaired. When you go to pick it up, you find out that you owe \$100. If you only have \$45 cash, you can pay with a credit card.**
- **Soccer practice is in 30 minutes and you are at the mall shopping for a new pair of cleats. They cost \$40 and you have \$50 cash (all in \$1 and \$5 bills!). You are in a hurry to get to practice, so instead of counting out your money, you pay with a credit card. That way, you can pay faster.**

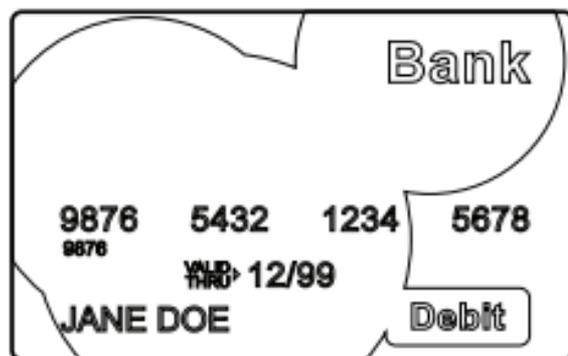
Many credit cards also give people points each time they make a purchase using the card. After people have enough points, they can trade the points in for cash, discounts, or other rewards.

WHAT IS DEBIT?

A **debit** is money removed from an account.

A **debit card** is a plastic card that takes money out of your checking account.

When you use a debit card, the money is **deducted** (subtracted) immediately from your account.



If you don't have enough money in your account to make a purchase, you can't pay with your debit card. For example:

- Let's say you have \$350 in your checking account. You want to buy a new pair of jeans. The jeans cost \$30 and you pay with your debit card. That \$30 is then deducted from your account. You now have \$350 minus \$30 in your account, or \$320 left.
- If you only have \$25 in your checking account, can you use your debit card to pay for \$30 jeans? No, because you don't have enough money in your checking account.

WHAT IS DEBIT? (CONTINUED)

Checks are another form of debit. They are paper forms that a person fills out to make a payment. Checks come in a small book called a checkbook.

When you pay by check, the money is also deducted from your checking account. If you want to buy those \$30 jeans and you have \$350 in your checking account, you can also pay with a check. When the store deposits the check you wrote, the money is deducted from your account. You now have \$350 minus \$30 in your account, or \$320 left.

If you write a check for more money than you have in your account, you may have to pay a lot of extra fees. To keep from owing extra fees, make sure you have enough money in your checking account before you write a check. For example:

- You need to write a check next week to give to your piano teacher. You owe him \$125, but you only have \$100 in your checking account. What can you do? Go to the bank to deposit more money into your checking account ahead of time. If you deposit another \$100, you will have \$200 in your account. Can you write a check for your piano teacher now? Yes! And you will still have money left over in your checking account. How much will you have left?

STORY PROBLEMS: PAYMENT DECISIONS

People can make purchases using different payment options.

Directions: Read each scenario and answer the questions to make payment decisions.

- 1) Violet has \$20 cash and her checkbook. She is in a hurry and needs to pay for a birthday card that costs \$3. How should she pay for the card? Why?**
- 2) Sierra and her grandmother go out for lunch. Her grandmother needs to pay \$32 and has \$35 in her wallet, along with a credit card. She wants to make sure she has at least \$5 left for the rest of the day. How should Sierra's grandmother pay for the meal? Why?**
- 3) Max has to pay his credit card bill. It is due in two weeks. Max wants to mail in a check for the total amount of \$135. He has \$100 in his checking account. Does Max have enough money to write the check? If not, how can he still pay by check?**

PRIVATE INFORMATION

Some information should be kept personal. It should not be shared with anyone without a parent's permission, especially when you are online.

Here is some personal information you should keep private:

- **Birth date**
- **Phone number**
- **Home address**
- **Bank account number**
- **A parent's credit card number**
- **Passwords**
- **School name and address**

PRIVATE INFORMATION (CONTINUED)

Following this rule can help keep you safe. It can also help prevent **identity theft. An identity is who someone is. Identity theft is a crime. It is when someone pretends to be another person by taking that person's personal information to steal his or her money. For example:**

- A thief might steal someone else's credit card number to buy things online. Then the bill is sent to the owner of the credit card, not the thief. Let's say your parent's credit card number was stolen. On the next statement, your parent notices a charge for 50 pounds of lizard food. Wait a minute — you don't have a pet lizard! Now your parent has to call the credit card company and report a theft.**
- Let's say you are using the computer and you get a pop-up ad. It says you can win a prize if you click on the ad. (Don't click on the ad!) But if you did click on the ad, it might ask you to enter personal information so you can collect your prize. NEVER enter personal information without a parent's permission. If you do, someone may use the information you entered to steal your identity.**

Teacher Presentation Slides Answer Key

LESSON 5:

WHAT IS DEBIT? (CONTINUED)

\$75 [$\$200 - \$125 = \75]

STORY PROBLEMS: PAYMENT DECISIONS

- 1) She should pay with cash. It's faster and she has enough cash.**
- 2) She should pay with a credit card. She wants to have \$5 cash for the rest of the day, and if she pays with cash, she will have only \$3 left.**
- 3) No. He can pay by check after he deposits more money into his checking account.**