**CREDIT CARDS: TO CHARGE OR NOT TO CHARGE?**

***Directions:*** *Read each scenario below. Determine how you should pay for the online purchase. Justify or explain your reasoning.*

*For each scenario, choose one of these choices for payment:*

* ***Your debit card****: Automatically withdraws the amount of purchase from your bank*
* ***Your credit card****: Delays direct payment but charges an 18% interest rate*
* ***Your store credit card****: Delays payment and may have extra savings or discount; but this card also charges a 22% interest rate*

*The answer key has suggested answers. However if a student explains their choice with a justified reason, please accept their answer.*

1. You are purchasing a new flat screen for your bedroom on Amazon. The cost is $300 on Amazon. Amazon will give you 10% discount if you apply for their new Amazon credit card. Which card should you use? Why?

***Answer:*** *The regular credit card will charge $54 in interest while the Amazon card which has a higher percentage rate will charge $59 in interest. However, Amazon is giving a 10% percent discount, which will lower your total cost for a flat screen of $329.40. The Amazon card is the best choice if paying by credit card.*

1. You are not eligible for a phone upgrade, but you want a new one. Without the upgrade, you must pay full price, which is $560. Which card should you use? Why?

***Answer:*** *Probably the BEST answer is to wait for your regular phone upgrade. The second best answer would be to pay with your debit card, if possible, but most teens may not have enough money in their bank for a costly purchase. If using credit, the regular credit card has best interest rate.*

1. You find a used game online that the seller is willing to sell for $30 on eBay. Which card should you use? Why?

***Answer:*** *For small purchases, it is always best to use your debit card.*

1. You purchase some music and a movie from iTunes. Your bill is $11.98. Which card should you use? Why?

***Answer:*** *For small purchases, it is always best to use your debit card.*

1. You are going to college in the fall. You have many things to purchase this summer for your dorm room. These purchases will come from multiple websites while you hunt for the best deals. You think this will cost about $400. Which card should you use? Why?

***Answer:*** *Probably the best choice would be to pay as much as you can on your debit card and the rest on the regular credit card. This helps keep your credit balance as small as possible.*