

Credit SMART\$

What is Credit?

- \$ Credit is the borrowing of funds with the intent of paying them back. Typically there is a charge for borrowing these funds. The charge is usually in the form of fees and/or interest.

Why is it Important to Know About Credit?

- \$ It's important to recognize the benefits and costs of using credit so that you can make good decisions about when and how to use it. Using credit wisely will help you build a good credit history, which will be very important in helping you build your long-term assets in the future, such as owning a car, house, or business.

*"The borrower is the
slave to the lender."
- King Solomon*



*"Remember that
credit is money."
-Benjamin Franklin*

How Credit \$mart Are You?

Read the following scenarios and think about what you would do. Not sure? Go over your answers with a teller or ask an adult you trust.

- \$ You are a student in high school who does not currently have a job. You are delighted when one day, you see an envelope in the mail addressed to you! It is an application for a credit card, congratulating you on your excellent credit history and offering you a great annual percentage rate (APR). What is your reaction to this letter and what do you do?
- \$ You are driving across country to visit relatives and the transmission drops out of your car. You groan as you turn around and see it lying lifeless in the road. You are stuck in the middle of nowhere. The tow-truck and the repairs cost over \$500 dollars and the grizzled mechanic tells you that the nearest ATM is 50 miles away. What do you do?
- \$ You receive an email from an unknown email address. The email tells you that you could be eligible to win tickets to go see your favorite band--- they just need your credit card number to confirm your entry. You don't remember entering any contest but you think. "Hey that's cool." What do you do?
- \$ Your parents have entrusted you with a credit card to use only for emergencies. You are out with friends one afternoon and your friends are all buying new stuff; video games, clothes, etc. You're feeling left out of the shopping spree and think: "I could just charge a couple of things and pay mom and dad back (or maybe they won't notice)..." What do you do?