Name: ______________________________

Debit Cards vs. Credit Cards

Debit Cards

- take money directly out of your bank account
- limit purchasing to the money in your account
- have no interest charges
- take a few days to process
- have a PIN number
- can get cash out at an ATM or a cash register
- help avoid overspending

Credit Cards

- borrow money that needs to be paid back
- allow large purchases without having the funds
- have interest charges and other fees if not paid off each month
- have a monthly bill
- can get a cash advance that is added to your debt
- can tempt to overspend

3. At the nail salon, Derriyanna takes out cash at the ATM. ______________

4. The Washington family books a once-in-a-lifetime vacation with the plan to pay it off over the next several months. ______________

5. Sofia's car unexpectedly needs new brakes, rotors, and tires before it can pass inspection. She does not have enough money in her checking account to cover the cost. ______________

6. Imann's paycheck was just deposited into his checking account, so he stopped at a convenience store to buy a sweet tea. ______________

7. Even though she doesn't get paid until next week, Rory goes on a shopping spree. ______________

ANSWER KEY

Debit Cards vs. Credit Cards

Debit Cards

- take money directly out of your bank account
- limit purchasing to the money in your account
- have no interest charges
- take a few days to process
- have a PIN number
- can get cash out at an ATM or a cash register
- help avoid overspending
- do not build credit history

Credit Cards

- borrow money that needs to be paid back
- allow large purchases without having the funds
- have interest charges and other fees if not paid off each month
- have a monthly bill
- can get a cash advance that is added to your debt
- can tempt to overspend
- build or damage credit score

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