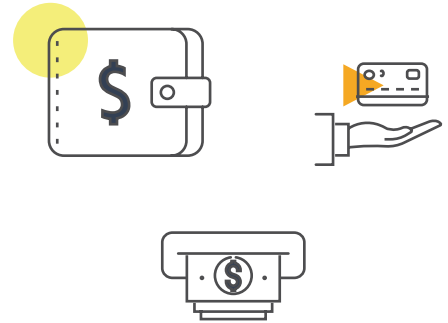


LESSON #7

THE DIFFERENCES BETWEEN

CASH, CREDIT AND DEBIT



What to Do

1. Ask: *What's the best way to pay for things— with a credit card, debit card or cash?* Talk about the pros and cons of each payment method:

Cash: Can't spend what you don't have (pro), accepted in most places (pro), don't always necessarily have on hand (con).

Debit card: Transactions come directly from your checking account (pro), accepted in most places (pro), can be easy to forget what you spent (con), can have fees if you overdraw (con).

Credit card: Easy to get and use (pro), builds creditworthiness (pro), may cause impulse spending (con), can have extra costs like interest rates and account fees (con).

2. Emphasize that all payment methods can be both good and bad financial tools. Help

students understand that credit can help establish a credit history and demonstrate creditworthiness, but can also lead to a slippery slope of overspending, fees and high interest rates.

3. Divide the class into small groups and challenge students to analyze real-world credit card offers and explain why or why not they would be smart to take them [find sample credit card offers at www.nerdwallet.com/credit-cards].

4. Close the lesson by asking students to write a brief reflection on what could happen if they overcharged a credit card and weren't able to pay it off. What are the consequences?



Dollars & Sense
H&R BLOCK