

Credit Cards

Login to **Banzai**, click **High School Personal Finance**, scroll down to the library section, and read the article “**Auto Insurance**.” Answer the following questions based on what you read.

1. What’s the difference between a charge card and a traditional credit card?

A traditional credit card has a credit limit, and you can choose to pay the bill in full each month or pay what you owe over time. A charge card has no stated credit limit, but you must pay your bill in full each month.

2. What’s true of retail credit cards?

- a. They usually include a low APR.
- b. They sometimes offer perks for purchasing at the issuing retailer.**
- c. There’s usually no spending limit.

3. Why should you consider interest rates if you don’t pay your balance in full?

If you don’t pay your bill in full, the interest rates will apply to your remaining balance. This increases how much you’ll pay toward your balance.

4. Define the following terms—only some of these terms can be found in the “Cracking the Code” section of the article:

Annual Fee: **The flat rate you pay per year to use the card.**

Secured Cards: **A card that works like a regular credit card, but you have to open an interest-bearing account with the bank that issues the card.**

Minimum Payment: **The amount you must pay by the due date.**

Annual Percentage Rate (APR): **The cost of using credit, expressed as a yearly rate.**

Teaser Rate: **A low initial rate that applies for at least six months but gets significantly higher later.**