

Responsible Credit Card Usage

The purpose of this activity is for students to discern between situations that are acceptable to use a credit card in, and those in which using a credit card could cause a dangerous amount of debt.

Part 1: Scenarios

Students should work in groups to determine whether each of the following scenarios calls for the use of a credit card, personal savings/cash, or neither.

- A nice shirt catches your eye while out shopping with friends, and while you cannot afford the shirt today, you expect to receive a paycheck in two days.
- You trip your sister as a prank and she breaks her leg; you are stuck with the expensive hospital bill and are upset that the bill is so large.
- You find yourself unemployed and you now have free time so you want to buy a really large TV, even though you cannot afford it immediately.
- You want to buy a motorcycle and can either pay the entire fee up front in cash, or put it on your card and pay it back in small monthly payments over three years.
- You haven't paid off the balance of your credit card, but you really want to buy a new pair of limited edition shoes.
- You plan on opening a trading account and need to deposit money into the account so that you can begin investing.
- As you sign up for Netflix, you try to decide how to pay for a recurring purchase which is within your budget.
- You've been looking at a really nice watch for a few years and decide that you want to buy it, even though you will not be able to pay off the full credit card balance for 3 months, but you can still make the minimum payments.
- Your friend asks you to buy pizzas for his group of 12 friends and promises to pay you back.

Part 2: Present and Discuss

Groups should present to the class or discuss their answers with another group, justifying each of their responses.