

# WEEKLY MIDDLE SCHOOL LESSON

#KEEPLARNING



## Week Two: Debit vs. Credit!

**Overview:** This lesson is designed to introduce students to the advantages and disadvantages of using debit cards and credit cards and will help students understand the similarities and the differences between the two cards. It will also help students use the appropriate card when making a purchase in order to avoid unwanted consequences.

Debit and credit card have surpassed cash and checks as forms of payment as Americans look for more convenient ways to make purchases.

**Preparation:** Review the activity and session materials. Make sure your students have all the needed materials to complete the lesson.

**Recommended Time:** 30-45 mins

**Materials:** Computer/Tablet with Internet

**1) Presentation:** Begin the lesson by asking the questions: How do you pay for the things you buy? How do your parents? (Possible answers: cash, check, debit or credit cards.) Debit and credit cards may look the same, but they work differently. Do you know the difference?

**2) Watch:** Have your students watch the video of [Debit & Credit: 2 Very Different Cards](#)

**3) Discussion:** After the video, have your students brainstorm the advantages and disadvantages of debit and credit. (See Charts on the next page for the answers)



# Debit Cards

## Advantages of Debit Card

- **Buy now, pay now.**
- Operates like a check or cash.
- No interest charges.
- Withdraw cash at ATMs using the card's PIN (personal identification number).
- No annual fee (usually).
- Federal law limits liability to \$0 if the card is reported missing before someone uses it.

## Disadvantages of Debit Card

- Monthly maintenance and overdraft fees may apply.
- ATM charges for out-of-network banks.
- Debit card use is not a way to build credit history; activity is not reported to credit bureaus.
- There's a \$500 liability if the card is reported missing more than two business days after a loss or theft, but less than 60 calendar days after a statement is sent.



# Credit Cards

## Advantages of Credit Card

- **Buy now, pay later.**
- Flexibility to make purchases anytime and anywhere.
- Grace period is usually 25 days.
- \$50 liability if card is stolen.

## Disadvantages of Credit Card

- Must qualify.
- Terms and fees may change.
- High interest rates usually apply on unpaid balances.

**4) Quiz Time:** Students can complete this quiz by selecting the link below or if you are able to do the lesson live, you can create a **Kahoot!** game and have your students log in and compete against each other. If you are creating a **Kahoot!**, use the quiz below.

**TAKE QUIZ**

**ANSWER KEY**

**5) Discussion:** Remind students that choosing the best payment plan for their purchases is as important as making a good choice about the goods and services they purchase. It is also a good opportunity to remind students that all choices have both costs and benefits, so understanding the differences will help them become better decision-makers.

**The Money JAR** - While preparing for their futures, teenagers face many obstacles. One of the most common and often most difficult battles can be depression and low self-worth. **Click here** to listen to this week's episode - **Overcoming Low Self-Worth.**