



Cash vs. Credit

Summary: Help your child learn about different spending methods.

Age Group: Grades 6th through 8th

Materials:

Instructions:

Explain to your child that when you use cash or a debit card, you are paying for a good or service using money you already have either physically (cash) or in a checking account (debit card). When someone uses a credit card, they do not currently have that money in an account. They are borrowing it in the form of a loan. This loan eventually has to be paid back, plus interest. Interest is a charge for a loan, usually expressed as a percentage. For each of the following items, have your child estimate the **cost of the item**, decide whether they would use **credit or debit**, and **explain why**. The first is done as an example. Your child can format this however they would like. Once finished, talk through each of these with your child.

1. Movie ticket - \$10 - cash or debit card - inexpensive, short-term enjoyment
2. Streaming service subscription
3. Mountain bike
4. Video game system
5. Laptop
6. Restaurant meal
7. Mini golf
8. New shoes
9. Ice cream sundae
10. New jeans

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Extension: Have your child visit <https://www.consumerfinance.gov>. Here, they can learn how to choose and use credit cards responsibly. Activities and information can be found under the “Consumer Tools” tab at the top of the page.



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