

## Preventing the Credit Card Blues at 22

### Pre-Test with Correct Answers

Birth date \_\_\_\_\_  
(Mo / day / year)

- Which of the following is the best definition for the term “credit”?
  - “Credit” is “buying things without money.”
  - “Credit” is “the amount of money a company will loan you.”
  - “Credit” is “a record of how well you pay your bills.”
  - “Credit” is “money used with a promise to pay back.”
- Which of the following is most likely to get you interested in applying for a credit card?
  - Gifts or discounts given for signing up
  - Services provided to cardholders such as reduced rates on long distance phone calls or insurance coverage on lost luggage.
  - Low introductory interest rates and high credit limits
  - Long-term interest rates and associated fees.
- When does a credit card company consider a payment to be “late”?
  - At 2:00 p.m. on the date due.
  - At 5:00 p.m. on the date due.
  - At 12:00 midnight on the date due.
  - There is a “grace” period on payments.
- Which of the following is the best way to avoid paying interest?
  - Pay the minimum amount due each month.
  - Pay the bill off in full each month.
  - Defer payments – like at Christmas when the credit card company sends a letter saying it’s okay to skip a payment or when the salesperson asks if you want “deferred billing” (billing that is delayed a couple of months).
  - Transfer balances from card to card.
- What should you do if you no longer want a credit card?
  - Cut up the unwanted card and throw it away.
  - Transfer the balance due to a new card with a lower interest rate.
  - Call the credit card company.
  - Write the credit card company.
- Which of the following is the best way to “build a credit history”?
  - Try to get several different credit cards.
  - Choose credit cards with high limits.
  - Always make the minimum monthly payment and make it on time.
  - Pay the bill off in full and on time each month.

7. "Identity theft" occurs when:
- A. Your keys are stolen so the thief can get into your room or apartment.
  - B. You misplace your drivers license and student ID.
  - C. Someone uses personal information like your Social Security number and bank or credit card numbers to use your accounts or open new accounts in your name.
  - D. Someone knows the password to get into your computer.
8. What is the first thing you should do when you get a credit card to protect yourself from identity theft?
- A. Put it in a safe place
  - B. Put it in your wallet
  - C. Sign it
  - D. Order a duplicate to keep in a safe place.
9. What practice would protect you from having your identity stolen?
- A. Putting unwanted papers like pre-approved credit card applications in the trash right away.
  - B. Keeping monthly bills/statements in a drawer rather than on a counter top or desk top.
  - C. Keeping your checkbook locked in your glove compartment when not in use.
  - D. Paying on-line to avoid a "paper trail".
10. If you lose your credit card, who else should you call (besides the police and the credit card company) to protect yourself against identity theft?
- A. Your parents.
  - B. Your insurance company.
  - C. Your bank.
  - D. The three national credit reporting organizations.