

Reading Worksheet
ML7 Money

#04



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A Teen's Guide to Credit Cards

Credit cards are a popular way to pay, but how do they actually work? Unlike (1)____ cards, which use the money you already have in your bank account, credit cards allow you to borrow money up to a certain limit. When you make a purchase with a credit card, you're essentially (2)____ that money and agreeing to pay it back later, usually at the end of each month. But there's more to credit cards than just paying for things — they can affect your financial future too.

One of the main (3)____ of using a credit card is building credit. Credit is a measure of how responsible you are with money, and it's something banks and lenders look at when deciding if they should lend you money, like for a car or house (4)____ in the future. If you make payments on time and don't spend more than you can afford, you'll build a good credit score. Starting with small (5)____ and paying them off can help teenagers begin to build a positive credit history.

However, using a credit card can also come with risks, especially if you're not (6)____. When you don't pay your bill in full at the end of the month, you'll be charged interest. This means you end up paying extra for the items you bought. Over time, interest can add up quickly, leaving you with more debt than you expected. Some people find it tempting to spend more than they can (7)____, especially since a credit card gives the illusion of "free money." This can lead to what's called "credit card debt," which is difficult to pay off once it grows.

So, is using a credit card better than using a debit card? Both have their pros and cons. Debit cards are directly (8)____ to your bank account, which means you can only spend the money you already have. This makes it easier to stay on a budget, but debit cards don't build credit. Credit cards, on the other hand, allow you to build credit and can offer extra (9)____, like rewards or cash back. But if you're not careful, the risks of debt and interest charges are always there.

In the end, credit cards can be a useful tool if used responsibly. Learning to use a credit card wisely can help prepare teenagers for the (10)____ decisions they'll face as adults. By understanding how credit cards work, the risks involved, and the differences between credit and debit, young people can make informed choices that will benefit them in the future.



Word Bank

afford, lending, loan, perks, debit, connected, purchases, financial, benefits, careful, borrowing