

Analyzing Credit

Students who are nearing the age of majority usually start researching what options are available in terms of getting a credit card. However, before you do so, you need to know what are the elements within having a credit card including the good, the bad, and the ugly!

Research two credit cards you would be interested in getting by searching for "Best Student Credit Cards in Canada" on a search engine of your choice.

If you were financially planning for the future, what kind of rewards are you interested in receiving for spending money?

Travel Rewards	Cashback Rewards	Movie Rewards	Other Rewards (Please specify):

With regards to your career:

Write down how much you think you'll make in a month if you had a part time job: _____

Write down how much you think you'll make in a month if you had your actual career: _____

What is Total Debt Service:

Total debt service is a number/percentage that the credit card companies use to determine whether you are eligible to receive a credit card. The number MUST be below 40% in order for them to say "yes" to your application.

Total Debt Service (TDS) =

Everything you owe on a monthly basis (Other credit card debt/Student Loans/Car Payments/Bills/Rent)

Monthly Income

Using your budget breakdown from your previous assignment, is your TDS below 40%? If not, how can you get it below 40%?

Example:

Joe lives with his parents. He just turned 19 years old and is working a part time job at McDonalds with 30 hours a week. McDonalds pays him \$15 an hour. He is not a student yet because he is trying to save up money to go to university. Joe is financing a vehicle for \$200 a month. What is his TDS rating?

Does he qualify for a credit card based on his TDS rating?

Now have a look at the two credit cards you chose and fill in the blanks below:

	Credit Card 1:	Credit Card 2:
Annual Fee=		
Income Requirement=		
Interest Rate=		
Cash Advance Interest Rate=		
Rewards=		
Welcome Bonus=		

A credit card allows you to pay for something in advance and gives you rewards depending on how much you use it. However, you MUST be able to pay them back when your bill comes due. Credit card companies have something called a grace period where they will give you a certain amount of days to pay them back without charging you interest.

Question: How many days is it usually? _____

Mr. Chau's CLE10 Class

What is a cash advance? Why is it important to know this term?

Let's say you travel to a foreign country and you cash advanced some money from an ATM over there. List all the charges you are going to get:

Is it worth it? _____

What is a balance transfer?
