

# Types of Credit (What Do You Know Now? — Key)

Read each question below. Circle the correct answer. Add your name, grade in school, and today's date at the bottom. **Correct answers are in bold.**

1. What is the definition of credit?
  - A. Credit is using a credit card to pay for things.
  - B. Credit is lending money to someone who asks.
  - C. Credit is the ability to borrow money that must be paid back at a later date.**
  - D. Credit is borrowing money from someone.
  - E. Credit is getting recognized for borrowing money well.
  
2. What is the difference between buying with cash and buying with credit?
  - A. With cash, you pay the amount now. With credit, you promise to pay the amount later.
  - B. With cash, you know if you have enough money to pay for the entire purchase.
  - C. With credit, the amount is taken out of your bank account right away.
  - D. If you do not pay your credit card bill on time, you will be charged a late fee.
  - E. Answers A, B, and D**
  
3. What is an advantage of using credit well?
  - A. You can build a positive credit history.
  - B. You can improve your credit score.
  - C. You don't have to worry about having the money now.
  - D. Both A and B**
  - E. Answers A, B, and C
  
4. Which statement is true about credit cards?
  - A. Using a credit card is a form of borrowing.**
  - B. Every adult has a credit card.
  - C. Most adults get a copy of their credit report.
  - D. Twenty percent of adults do not know their credit score.
  - E. Most young adults (35 and younger) get their first credit cards when they turn 18.
  
5. What are common ways adults use credit?
  - A. Department store credit cards
  - B. Mortgage loans
  - C. Bank credit cards
  - D. Auto loans
  - E. All of the above**
  
6. How many credit cards does the average American credit card holder have?
  - A. 2
  - B. 3.5**
  - C. 3
  - D. 1
  - E. 4.5

Your Name: \_\_\_\_\_

Your Grade in School (5th, 6th, etc.): \_\_\_\_\_

Today's Date: \_\_\_\_\_