Good vs. Bad Credit | Worksheet

Matching

Match the definition in Column A with the term in Column B.

Column A
_____ Borrowed money that is paid back over time.
_____ Measure of trust given to a customer for future payment.
_____ Measure of reliability of a customer in making payments.
_____ Individual or institution that provides funds to borrowers.
_____ Tool used to buy things now and pay them back later.

Column B
a. Credit
b. Credit Card
c. Credit Score
d. Loan
e. Lender

Multiple Choice

1. **What is the range of credit scores?**
   a. 100 to 500
   b. 300 to 850
   c. 500 to 1000
   d. 0 to 1000

2. **Which of these is considered a very good credit score?**
   a. 150
   b. 550
   c. 750
   d. 950

3. **What happens to your credit score if you pay back the amount you borrowed on time and in the amount agreed to?**
   a. Your credit score goes up.
   b. Your credit score goes down.
   c. Your credit score fluctuates.
   d. Your credit score stays the same.

4. **What is one way you can start building a good credit score?**
   a. Open a savings account and regularly deposit money.
   b. Make regular small purchases on your credit card and pay them off completely each month.
   c. Frequently apply for new credit cards to increase your available credit.
   d. Buy things with a debit card to show that you can manage money.

Application

Having a good credit score is crucial for qualifying for a loan when you plan to make significant purchases in the future. Think about a big purchase you might want to make in the next few years, such as a car, college education, or starting a small business. Write a short essay about what you hope to buy and explain how having a good credit score could help you secure the necessary financing. Include in your essay what steps you might take now to start building a good credit history.

Good vs. Bad Credit | Answer Key

Matching

Match the definition in Column A with the term in Column B.

<u>Column A</u>
d. Borrowed money that is paid back over time.
a. Measure of trust given to a customer for future payment.
c. Measure of reliability of a customer in making payments.
e. Individual or institution that provides funds to borrowers.
b. Tool used to buy things now and pay them back late.

<u>Column B</u>
a. Credit
b. Credit Card
c. Credit Score
d. Loan
e. Lender

Multiple Choice

1. **What is the range of credit scores?**
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Application

1. Identification of a Purchase: The student should mention a significant future purchase, such as a car or college tuition.
2. Role of a Good Credit Score: The response should explain that a good credit score can lead to better loan terms, like lower interest rates and a higher chance of approval.
3. Steps to Build Good Credit: The essay should list a couple of steps relevant to students, such as using a starter credit card wisely, keeping a low balance, and paying bills on time.
4. Understanding Financial Responsibility: Look for a basic understanding that managing credit is important for financial health and achieving personal goals.