When you put money into a savings account, you are paid **interest**. It is the money you earn from lending money to the bank.

**Directions:** How much do you know about different payment options? Read each statement and circle whether it is true or false.

1. Cash, credit, and debit are payment options. **True** **False**
2. Some businesses only accept cash payments. **True** **False**
3. Credit cards and debit cards are made of paper. **True** **False**
4. When you pay with credit, you are borrowing money. **True** **False**
5. If you use a credit card, you receive a yearly bill. **True** **False**
6. Credit cards set no limits to how much you can spend. **True** **False**
7. A debit card is linked to a person’s checking account. **True** **False**
8. A debit is money added to an account. **True** **False**
9. Checks come in a small book called a checkbook. **True** **False**
10. A check is piece of paper used for making a payment. **True** **False**
Lesson 5: Which Way to Pay?

PAYMENT DECISIONS

People can make purchases using different payment options.

**Directions:** Read each scenario and answer the questions that follow.

1. Jose and his mother are buying food at the grocery store. The total is $65. Jose’s mom has a credit card and $40 cash in her wallet. **How should she pay for the food? Why?**

2. Ryan is buying a $3 slice of pizza at a small restaurant. The sign in the store says “cash only.” Ryan has a credit card and $5 cash. **Which payment option should he use? Why?**

3. Sera is in college. She has a debit card and $24 cash in her wallet. She has $120 in her checking account. Sera needs a new pair of sneakers and finds a pair she likes for $55. **Which payment option should she use? Why?**

4. Tim needs to pay for an expensive car repair. The total is $2,300. Tim has a credit card and a debit card in his wallet. He has $2,800 in his checking account. His credit card limit is $3,000 and he has already charged $800. **Which payment option should he use? Why?** (Please show your math.)
Lesson 5: Which Way to Pay?
TEST YOUR PAYMENT KNOWLEDGE

Name: ____________________________________________________________

Directions: How much did you learn about payment options and identity theft? Circle the best answer to each statement or question below.

1. You need to buy new shoes. Which two ways can you pay if you want the money to come out of your checking account?
   a. checks and debit cards     b. debit and credit cards     c. credit cards and checks

2. Since you have a credit card, you receive a statement every. The statement is a record of what you bought and the payment due.
   a. day                      b. week                      c. month

3. People say you are trustworthy. You always pay back the money you borrow. Which payment option is the same as borrowing money?
   a. paying by check           b. using a debit card         c. using a credit card

4. Sometimes, you choose to fill out a paper form to make a payment. That paper form is called a
   a. debt                    b. check                    c. credit

5. You just learned about identity theft. What advice would you give to someone who asks how to prevent it?
   a. Only pay for things with cash or checks.
   b. Keep your personal information private.
   c. Never borrow money from a close friend.
Directions: What Money Smart lesson did you learn today? Write the lesson’s topic and what you learned on the lines below. Then draw a picture about it in the “Draw About It” box.

Topic: __________________________________________

Draw About It

Write About It