



Commerce Bank

Credit Cards & Savings



**Junior
Achievement**[™]
Rocky Mountain



Credit Cards & Savings

What is an interest rate?

1. The price a person pays to use (borrow) someone else's money.
2. Applies to the amount earned at a bank from a checking and savings account. They pay you interest to use your money.



You each have credit card debt.

**Why is it important to pay off credit
card debt quickly?**



Paying off credit card debt as quickly as possible will save you money in interest, but also help keep your credit in good shape.

Interest rates on credit cards are higher for those with lower credit scores, (you will learn more about credit scores throughout the day), because they are considered a higher risk!



Practice credit cards and interest

. Credit Card Balance: \$60

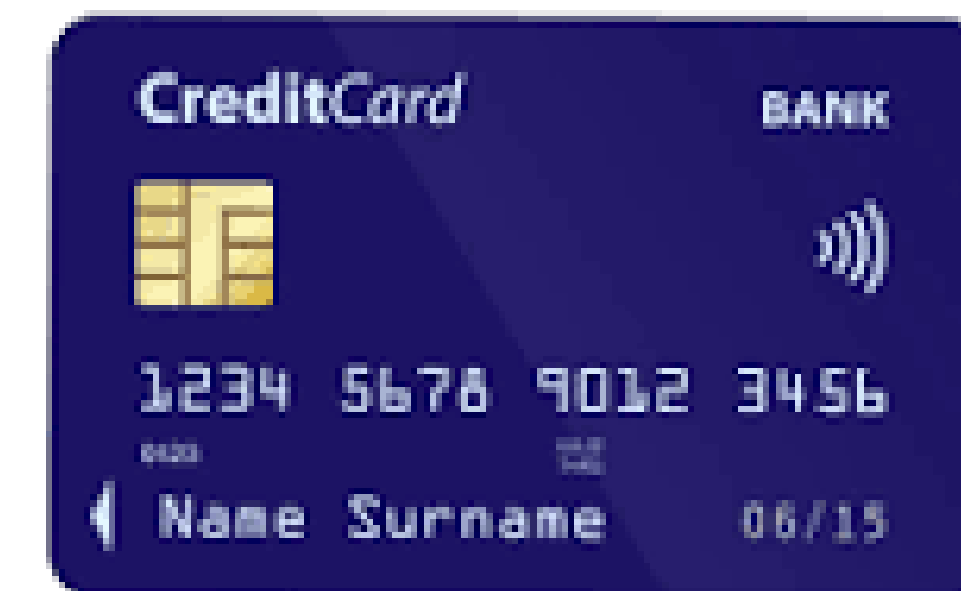
. Percentage: 10 %

.



Credit Card Balance: \$150.00

Percentage: 5%

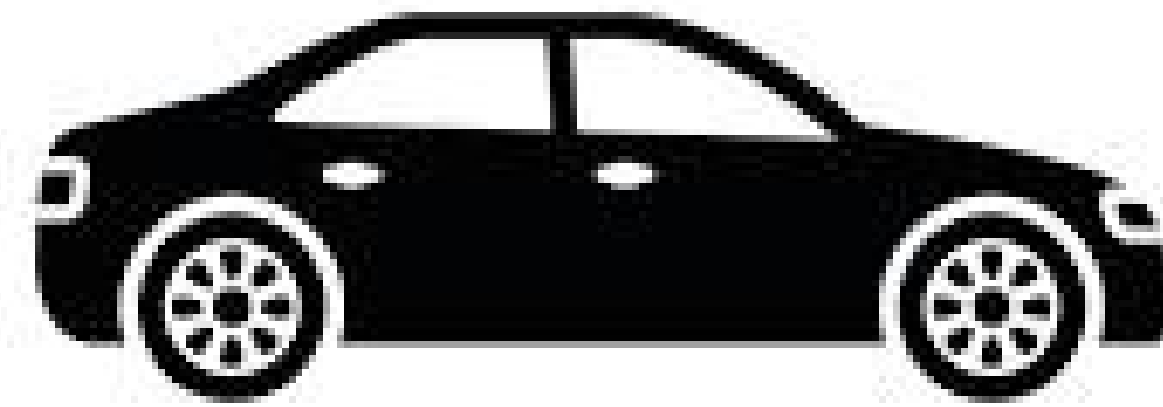


Why is Saving Important?

You earn money on your savings when the bank pays you interest. Banks are borrowing your money and paying you for the use of your funds.



Savings



What is something you want to save money for?



Save Early and Often

- The sooner you begin saving, the more you will have later.
- Set saving goal
- Extra money in the bank gives you flexibility in your monthly budget.
- Be prepared. Saving makes it easier to deal with surprise expenses. (emergency fund)
- Saving can help you reach lifestyle goals.



Let's practice how interest & savings work....

Using a credit card for a \$1,000 loan for a computer for 1 year with a simple interest rate of 10%, the interest on the loan is \$100. How much will you owe the bank? **\$1100**



Deposit \$1000 into a savings account which earns a 5% interest rate (\$50), how much money will you have the first year? **\$1050**





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Business ID: 060