

You are about to move into a share house with your friends. They have limited furniture and so do you. You have harangued your parents and siblings for any spare items. However, after meeting with your friends, you have decided you will still need to buy:

- A fridge (about \$800)
- A kitchen table (about \$300)
- A lounge and chairs for the lounge room (about \$600).

You have been given the fridge to buy. As you don't have the cash, you have decided to apply for a credit card. Before you answer the questions below, you will need to find out what sort of card you need and how you will use it.

To avoid paying more interest than you need to, you will need to find out if the interest is charged from the date you made the purchase, the date of the monthly statement or from the date the statement payment is due.

Will you:

- Pay off your balance in full every month and not take cash advances? If so, you should look for an interest free period and compare the cost of annual fees.
- Occasionally have an unpaid balance at the end of the month? You should look for a card with a low interest rate, an interest free period and a method of calculating interest from the date on which the account payment is due.
- Usually have an outstanding balance at the end of the month and use the card for cash advances? You should look for a card with the lowest interest rate.

1. SELECT one of the card types above and compare the cards of various credit providers , answering the questions below:

Who will provide this type of credit card?

How would you have to apply for it?

Are there any application fees?

What are the terms and conditions?

What is the interest rate charged on the card?

Are there any additional fees or extra benefits?

How widely is the card accepted?

Does the card have a PIN?

Does the credit provider offer any guarantees?

When you have completed your research, discuss your findings with the other groups in the class.

2. To find out more about what you should look for when choosing credit, go to the *Money Stuff* website (www.moneystuff.fairtrading.nsw.gov.au) click on *Just the facts* and then choose credit.