

# WHAT'S THE DIFFERENCE?

Essential differences to know between a credit and debit card.

## CREDIT CARD

## DEBIT CARD

### Source

**Borrowing** money from a bank or financial institution to make a purchase

Money that **you have** in your bank account and use for purchase

### Limit

Your **credit limit** determines how much money you can use

Your **bank account** balance determines how much money you can use

### Time

Borrowed money (your credit balance) must be paid back **monthly**

No monthly payment is required. Funds are **immediately** drawn

### Impact

Impacts credit score - can be negative **or** positive impact

Does **not** impact credit score

### Rewards

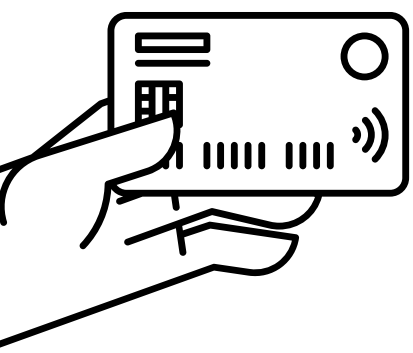
**Can** provide various rewards or benefits, like cash back, points, or vouchers

**No** additional rewards

### Interest

Interest charges will be **applied on late** repayment of credit balance.

**No** interest charges applicable



# How to use a **CREDIT CARD**

## **1 Find the right card for you**

There are many different credit card options out there. As you research what is best for you, compare interest rates, terms, rewards and consider what best suits your needs and credit score

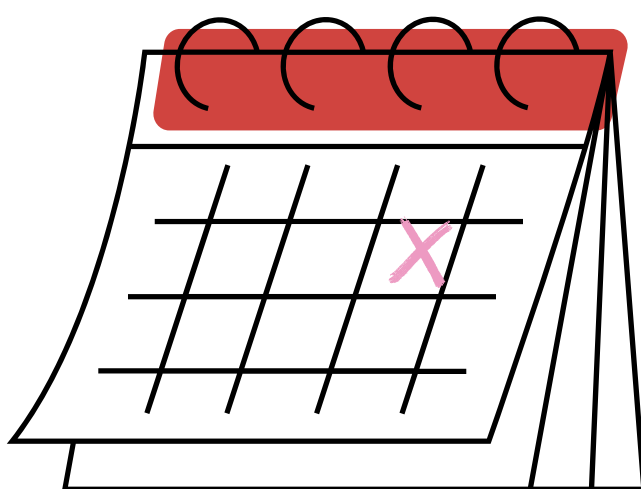


## **2 Keep track**

Know how much you have been spending on the card. This is not free money. Keep track of expenses to ensure you will be able to pay it all back at the end of the month

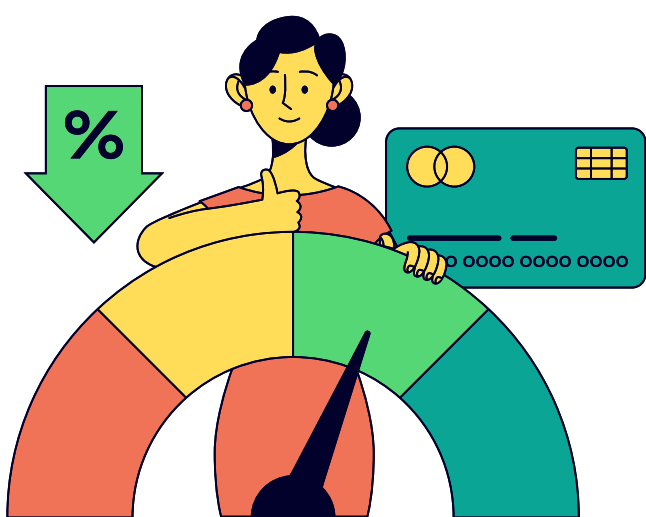
## **3 Pay on time and in full**

It is imperative to know when your monthly payment is due. Pay your credit balance on time and in the full amount to avoid fees



## **4 Build your credit score**

Your credit score is a prediction of how likely you are to pay back your debt on time, how creditworthy you are. It ranges from 300 to 850.



## **5 Create good credit history**

With your credit score, you create a credit history of how well and timely you pay back borrowed money. Banks will look at this for future loans and transactions.



## WHY IS IT IMPORTANT?

Assures a better future

Minimizes any financial risk

Prepares for emergency

Offers peace of mind



## THINGS TO KEEP IN MIND WHILE BUDGETING

Start simple. Slow and steady wins here.

Set financial goals. Think of what you would like to have in 1 year from now, then 5 years, then 10 years.

1

Make a plan. A common rule for budgeting is 50% needs, 30% wants, 20% savings.

2

Track your spending. Overspending can fast-track you into debt.

3

Review your budget regularly. Get into the habit of regularly checking on your cash flow.

4

Take a breath and do your best! You will not see change overnight, but you will see change if you stay consistent.

5

You've got this! Self discipline pays off tremendously in budgeting. Create the life you want for yourself