

# NEWS BREAK

**Sunday's News Break** selects an article from **Sunday, April 3, 2016** of The Seattle Times e-Edition for an in-depth reading of the news. Read the selected story and answer the attached study questions.

**On The Road To Being On Your Own: Credit 101** (NIE special section, **pages K2 and K3**)

## Pre-Reading and Vocabulary

1. What is credit? How can credit be used? When do you think it is good to use credit?  
When do you think it is bad to use credit?

2. **Vocabulary: Match the words to the numbered definitions in the chart below.**

A. <b>compensation</b>	1. a person, bank, or company that lends money to someone
B. <b>covered</b>	2. any one of a series of small payments that you make over a long time until you have paid the total cost of something
C. <b>creditor</b>	3. someone or something that lends money, especially a large financial organization such as a bank
D. <b>debt</b>	4. available money
E. <b>down payment</b>	5. to have enough money for (something)
F. <b>funds</b>	6. to proceed or occur in a round or cycle; come around again in the process of time; recur
G. <b>installment</b>	7. a first payment that you make when you buy something with an agreement to pay the rest later
H. <b>interest</b>	8. something that changes or that can be changed;; something that varies
I. <b>lender</b>	9. the money paid by a borrower for the use of borrowed money
J. <b>reputable</b>	10. something given or received as an equivalent for services, debt, loss, injury, suffering, lack, etc.
K. <b>revolving</b>	11. respected and trusted by most people;; having a good reputation
L. <b>transferred</b>	12. an amount of money that you owe to a person, bank, company, etc.
M. <b>variable</b>	13. to move (data, money, etc.) from one place to another electronically

## Comprehension

1. Credit is the ability to borrow \_\_\_\_\_ from a \_\_\_\_\_ to pay for something you may or may not otherwise be able to afford. **(Fill in the blanks)**
2. There are two primary types of credit. What are they?
3. What type of credit gives you the ability to borrow money over and over and the lender gives you a maximum credit limit?
4. When you repay money in monthly installments, each installment depends on a number of variables. Name one of the variable mentioned in the article that can affect the amount of each installment.
5. What is paid to the lender as compensation for loaning you money?
6. What is a debit card connected to?
7. When you make a purchase with a debit card where are the funds transferred to?
8. Your credit history can affect how much you pay for car insurance – **true or false?**

## Additional Activities

1. Have students make a list of advantages and disadvantages of credit and credit cards. Then have students make a list of things that will help them repay credit card debt and things that could make it difficult for them to repay credit card debt (having a job versus not having a job, etc.)
2. As a class or in small groups, have students go online to research different types of credit cards and their features, including APR (Annual Percentage Rate), late fees, annual fees, grace period for making payments, awards or rebates, etc. Then have students discuss which card they think offers the best terms and which one offers the worst.

News Break is posted to the Web on Wednesday and Friday. Please share this NIE News Break program with other teachers. To sign-up for the electronic edition for your class, please register on-line or call 206/652-6290 or toll-free 1-888/775-2655.

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## Answer Key to Vocabulary

A. 10

- B. 5
- C. 1
- D. 12
- E. 7
- F. 4
- G. 2
- H. 9
- I. 3
- J. 11
- K. 6
- L. 13
- M. 8

### **Answer Key to Comprehension Questions**

1. Money, lender
2. Revolving credit and installment credit
3. Revolving credit
4. The purchase price, the amount of any down payment, the loan terms. **(Answers may vary – only one example necessary)**
5. Interest is paid to the lender as compensation for loaning you money.
6. A debit card is connected to your checking account.
7. Funds are transferred to the store where you bought the item or service.
8. True