

Section Answer Keys

Chapter 32 Extended Product Features

Section 32.2 Credit

Review Key Concepts

1. Credit is an important extended product feature because it allows most consumers to make major purchases such as homes, automobiles, and appliances when needed in exchange for a promise to pay later. It also makes purchasing less costly day-to-day items more convenient.
2. A credit card is basically a loan. Credit cards are issued with a credit limit based on customers' ability to pay and their payment history. Debit cards allow funds to be withdrawn directly from a checking account and transferred to the place of purchase.
3. Travel and entertainment cards have annual fees, while regular credit cards may or may not have these fees. They often require transaction balances to be paid in full each month, while credit card balances can be paid off over time, but interest is charged on any remaining balance. Travel and entertainment cards also charge retailers higher service fees than regular credit card companies.

Practice Academics

English Language Arts

4. Suggestions may include: try to pay off the card's balance each month and at the least, always make more than the minimum monthly payment; do not open too many cards; live within your means; do not charge items you know you cannot afford; learn to recognize what you truly need and what you simply want.

Mathematics

5. 3 months ($\$400/\$100 = 4$; $4 \times 5 = 20$ store dollars per month; $60 \text{ store dollars}/20 \text{ store dollars per month} = 3 \text{ months}$)