

# Teen Credit Card Basics

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**Article Rating: NA**

**Submitted by: articlediner on 2006-10-24 and viewed 35 times.**

**Total Word Count: 495**

**Author Rating:**

## **Sample of Content:**

These credit card basics for teens can help you raise money smart kids that grow up to be money smart adults.

## **Content:**

Teen credit card basics will help you raise money smart kids. Knowing how to handle credit is important and not something they are likely to learn in school. If you teach your children smart ways to manage credit, it will help to ensure they get the right start and don't wind up with bad habits.

Credit is a necessity in today's world and teaching your teens credit card basics will help to make it easier for them to rent their first apartment, land good jobs, get better rates

on insurance and buy homes.

Teaching credit basics is not something you can put off till they reach college. The statistics are:

One in three high school seniors use credit cards and half are in their own names.

Seventy-five percent of college students have credit cards and carry a balance of \$3200.

The bankruptcy rate for those under 25 years old is more than 5%.

Teens are usually ready to learn about spending and budgeting by the start of middle school. Giving them a certain amount to buy school clothes each year and telling them to spend it as they chose or save some to buy later will help teach them how to control their spending.

By high school, they should probably have a checking account of their own. This will teach them to write checks, reconcile bank statements and avoid bouncing checks. These are good lessons in money management. Once they master the checking account, it may time to consider a plastic card.

A debt card may be a good place to start. This will allow them to practice without the potential damage of a real credit card. This card charge is deducted directly from their checking account balance.

A prepaid credit card for teens allows parents to pre-set spending limits and monitor where their teens are spending money. The parents transfer their money to the card and it can then be used like any other credit card to buy things.

A low-limit credit card can also be used. Parents usually co-sign for an account with their teen and can set a low credit limit of \$200 to \$300.

College students by this time should know the credit basics and should apply for a credit card in their own name, without your co-signing on it. Credit is easier to obtain while the student is still in school.

It is essential that teens are taught the importance of a good credit rating and the need to pay bills on time. They need to know that everybody needs to develop a good credit history.

With help and guidance from parents and teen credit card basics you can raise money smart kids to grow up to be money smart adults.

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### **About the Author:**

Gary Gresham