Applied Business

Unit 2 Study Guide

1. What is credit?
2. How can you establish credit?
3. What is a credit score?
4. What goes into creating a credit score?
5. How is credit worthiness measured?
6. How does one keep good credit?
7. What happens if you do not manage your credit responsibly?
8. When shopping for a credit card, what are three things to look for?
9. How much debt should you have?
10. If Tim has a monthly pay of $4,940 and has rent of $450 per month, has a loan to pay off of $800 (by the year’s end), has a car payment of $250 per month, and a student loan payment of $100 per month and insurance of $35 per month. Tim wants to get a credit card for a vacation reservation that would cost him approximately $125 per month for the year. Can Tim afford to do this?
11. What can you do to improve your credit score?
12. What are the advantages of alternative credit?
13. What are the advantages and disadvantages of using a credit card?
14. What are the advantages and disadvantages of using a debit card?