

Cheat Sheet for Module 3: Types of Credit Cards

This cheat sheet provides a concise overview of the key terms and concepts covered in Module 3, which focuses on the various types of credit cards available. The goal is to help learners understand the distinctions between these cards and identify which type aligns best with their financial needs.

Lesson 3.1: Rewards Credit Cards

Key Terms:

- **Cashback Cards:** Credit cards that return a percentage of purchases as cash rewards.
 - **Pros:** Simple rewards structure, immediate cash benefits.
 - **Cons:** May have lower rewards rates compared to points or travel cards.
- **Points-Based Rewards:** Cards that offer points for every dollar spent, which can be redeemed for various rewards.
 - **Flexible Programs:** Options to redeem points for merchandise, gift cards, or travel.
- **Travel Credit Cards:** Cards that provide rewards in the form of airline miles or hotel points.
 - **Benefits:** Perks like lounge access, travel insurance, and no foreign transaction fees.
 - **Drawbacks:** Often come with annual fees and specific usage restrictions.

Lesson 3.2: Secured vs. Unsecured Credit Cards

Key Terms:

- **Secured Credit Card:** Requires a cash deposit as collateral, which serves as the credit limit.
 - **Ideal Users:** Individuals looking to build or rebuild credit.
- **Unsecured Credit Card:** Does not require a deposit; based on creditworthiness.
 - **Key Differences:** Approval criteria, credit limits, and potential fees.

Lesson 3.3: Student, Business, and Specialty Credit Cards

Key Terms:

- **Student Credit Cards:** Designed for college students to help them build credit early.
 - **Benefits:** Lower credit limits and educational resources on credit management.
- **Business Credit Cards:** Tailored for entrepreneurs to manage business expenses and earn rewards.
 - **Features:** Expense tracking tools and higher credit limits.
- **Specialty Credit Cards:** Include cards for low-income earners, retail store cards, and co-branded cards.
 - **Purpose:** Cater to specific financial needs and spending habits.