

Loans & Credit Options True & False Quiz for *Understanding Loans & Credit Options* Presentation

Grade Level:

- Grade 11

Learning Objective:

This extension activity, along with *Understanding Loans & Credit Options* presentation, should help students test their knowledge on the various forms of credit and loans.

Materials Needed:

- pen or pencil
- *Loans & Credit Options True & False* quiz (1 per student)

Lesson Plan:

Have students complete the *Loans & Credit Options True & False Quiz* independently after they have listened to the *Understanding Loans & Credit Options* presentation delivered by Money Mentors.

Answer key for the quiz is provided at the end of the document.

Loans & Credit Options True & False Quiz

- 1) To be eligible for student loans one must be enrolled in a program for at least 12 months from a recognized school?
 - a) True
 - b) False

- 2) College preparatory or upgrading courses qualify for the student loan program?
 - a) True
 - b) False

- 3) You do not need to apply for government grants if you are applying for government student loans?
 - a) True
 - b) False

- 4) Apprentices may receive an apprenticeship incentive grant and a completion grant totalling \$4,000 during and at the completion of their studies
 - a) True
 - b) False

- 5) A student line of credit is issued by the federal and provincial government.
 - a) True
 - b) False

- 6) While in full-time studies interest is not charged on your government issued student loans.
 - a) True
 - b) False



7) While in full-time studies interest is not charged on your student line of credit.

- a) True
- b) False

8) Student credit cards have a high interest rate.

- a) True
- b) False

9) A missed payment on your credit card won't do much harm to your credit score.

- a) True
- b) False

10) Your billing cycle represents your account activity over the last 30 days.

- a) True
- b) False

11) Overdraft protection protects you in the event you go over your credit card limit.

- a) True
- b) False

12) Overdraft protection is an inexpensive form of credit.

- a) True
- b) False

13) Payday loans are short-term loans with high fees

- a) True
- b) False



14) Payday loans are issued by the bank.

- a) True
- b) False

15) Payday loans are a good way to borrow money.

- a) True
- b) False

Loans & Credit Options True & False Quiz: *Answer key*

1) To be eligible for student loans one must be enrolled in a program for at least 12 months from a recognized school?

- a) True
- b) False**

*They must be enrolled at least 12 weeks in a recognized school to be eligible for student loans.

2) College preparatory or upgrading courses qualify for the student loan program?

- a) True
- b) False**

*Only courses leading to a degree, diploma or certificate from a recognized school are eligible for student loans.

3) You do not need to apply for government grants if you are applying for government student loans?

- a) True**
- b) False

*Students that qualify for government student loans are automatically assessed for government grants.

4) Apprentices may receive an apprenticeship incentive grant and a completion grant totalling \$4,000 during and at the completion of their studies

- a) True**
- b) False

* Apprentices may receive federal grants of up to \$4,000 during and at the completion of their training & studies

5) A student line of credit is issued by the federal and provincial government.

- a) True
- b) False**

*A student line of credit is issued by financial institutions and not the federal or provincial government.

6) While in full-time studies interest is not charged on your government issued student loans.

- a) True**
- b) False

*A student in full time studies (full course load) will not have interest charged on their government issued student loans.

7) While in full-time studies interest is not charged on your student line of credit.

- a) True
- b) False**

*A student who withdraws money from their student line of credit will be charged interest and will be required to make interest only payments each month while there are in school.

8) Student credit cards have a high interest rate.

- a) True**
- b) False

*Most student credit cards have a high interest rate because many students have little to no credit history to warrant a rate reduction.

9) A missed payment on your credit card won't do much harm to your credit score.

- a) True
- b) False**

*Making your minimum debt repayments on time accounts for 35% of your credit score. Even one missed payment can negatively affect your credit score. Lenders can also increase the interest rate on your credit card if one or more missed payments occur.

10) Your billing cycle represents your account activity over the last 30 days.

- a) True**
- b) False

*Your billing cycle represents the transactions that have occurred in that statement (30 days) and this information is used to determine your minimum payment and interest charges.

11) Overdraft protection protects you in the event you go over your credit card limit.

- a) True
- b) False**

*Overdraft protection is linked to your chequing account, not credit card. It protects you in the event you go over your chequing account balance.

12) Overdraft protection is an inexpensive form of credit.

- a) True
- b) False**

*Overdraft protection is an expensive form of credit. It should be used infrequently and paid off quickly.

13) Payday loans are short-term loans with high fees

- a) **True**
- b) False

*Payday loans are short-term loans that need to be repaid by next payday (about 2 weeks). The fees and interest for these loans are 300%-400%

14) Payday loans are issued by the bank.

- a) True
- b) **False**

*Payday loans are issued by private lenders.

15) Payday loans are a good way to borrow money.

- a) True
- b) **False**

*Payday loans are a costly way to borrow money.