

Credit Cards Tips to Share with Teens

Where to Start?

As a parent, you strive to teach your child valuable life skills from an early age. When they are young, that may include learning how to brush their teeth or clean up their toys. As they grow older, those lessons evolve into helping with household responsibilities and making smart decisions. Some lessons, such as understanding credit, can be more difficult to explain, but are very important to help children understand and prepare for the future.

Teaching children about money management is one of the most valuable life lessons parents can provide. While subjects like driving or preparing for college often take priority, understanding how credit works is equally important.



Financial Education for Teens

Building healthy financial habits early in life can help teens to avoid debt, establish strong credit, and make informed financial decisions throughout adulthood. Although your teen may not need a credit card right now, learning how credit works before applying for one can set them up for long-term financial success.

Responsible credit card use can help them understand how to build a positive credit history, which may later impact their ability to finance a car or home, rent an apartment, or even qualify for certain jobs.

Below are several important credit card tips to discuss with your teen:

A credit card is not free money.

A credit card allows someone to borrow money with the agreement that it will be repaid. Encourage your teen to think carefully before making any purchases and avoid charging anything they cannot afford to pay off immediately. This is a good rule to consistently follow. Developing this habit early can help prevent debt and late payments in the future.

Responsible credit card use can help build credit.

Using a credit card wisely can help establish and improve a credit score over time. While credit may not be necessary for a teen, it can be very beneficial for young adults. A strong credit history can be beneficial when applying for loans or renting an apartment, as many landlords and employers review credit reports during the application process.

Paying only the minimum costs more over time.

Making only the minimum payment on a credit card balance often results in additional interest charges. This means that small purchases can become significantly more expensive over time. Teaching teens the importance of paying balances in full whenever possible can help them avoid unnecessary interest charges.

Read and understand the fine print.

A credit card is a contract between the cardholder and their lender. Review important terms with your teen, including interest rates, annual fees, due dates, card limits, co-signers, and credit utilization.

Understanding these details can help them make informed financial decisions and avoid fees.

Set spending guidelines and limits.

Before your teen gets a credit card, establish clear expectations regarding how the card should be used. Discuss acceptable purchases, spending limits, and repayment responsibilities. Setting guidelines early can help encourage responsible financial habits.

Always pay on time.

Paying on time every month is one of the most important factors in maintaining good credit. Encourage your teen to set up account alerts or reminders through their financial institution to help ensure payments are never missed.

Consider a low limit or secured credit card.

If your teen is ready for a credit card but may need help managing spending, a card with a low limit can be a great starting point. Another option is a secured credit card, which allows the cardholder to provide collateral, typically through a savings deposit, and borrow against it. Secured credit cards can be an excellent tool for building positive credit habits while limiting risk.

Add Your Teen as an Authorized User

Another way to introduce teens to responsible credit use is by adding them as an authorized user on an existing credit card.

Authorized users receive their own card and can make purchases while the primary cardholder maintains oversight of the account. This allows parents or guardians to monitor spending, set limits, and help teens learn to spend responsibly.

In many cases, the account history is reported to credit bureaus for both the primary cardholder and the authorized user. When managed responsibly, this can help teens begin building a positive credit history before opening an account of their own.

APCI Federal Credit Union & You

Mastercard® Plus

We offer a credit card designed to provide convenience, value, and added security for everyday spending.

Key benefits and features include:

- **Rates and fees:** Low interest rate and no annual, balance transfer, cash advance, or late fees.
- **Credit access:** Maximum credit limit of \$20,000, with maximum combined unsecured debt up to \$50,000 across unsecured loans, Fast Cash/Overdraft Protection, and Mastercard® lines of credit.
- **Rewards:** Earn 1.5 CUREwards® points for every \$1 spent, redeemable for cash back, gift cards, merchandise, and travel awards.
- **Convenience:** Access your account online through **APCI eBanking**, add your Mastercard Plus Card to a digital wallet, and pay APCI FCU loans using Account-to-Account (A2A) external transfers.
- **Security and account management:** Set up card alerts to help manage card activity, use a contactless card with EMV/chip technology and PIN protection, and receive automated fraud alerts by text, phone, or email when suspicious activity is detected.

Mastercard® Plus – Secured

We also offer a secured credit card designed to help borrowers establish or rebuild credit responsibly. This card is secured by APCI FCU funds on deposit and has an easy approval process.

With the same great features as our existing Mastercard Plus Rewards card, the secured card option can be a perfect fit for those wanting to start building credit or get their credit back on track.

APCI Federal Credit Union provides Banking Solutions for Your Everyday Needs.