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The Advantages And Disadvantages Of Credit Cards For Teens

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Credit Cards for Teens; Should You Purchase One?

Millions of adults are plagued with credit card debt from which many never recover. Credit card debt is an increasing problem among worldwide, and one may question the wisdom of credit cards for teens. Are credit cards a good idea for teenagers? Like many of life's risks, credit cards for teens have their advantages and disadvantages.

Credit cards for teens work in a different way that traditional adult credit cards. Teenage credit cards do not loan out credit. To use these cards, one actually needs to have money already in the account. A teenage credit card is often a convenient way for parents to give their children money without having to hand over cash or a check. Credit cards for teens make a great gift, because they can be reloaded or thrown away when the balance is at zero.

Many parents choose to give their teenager a credit card because it increases their sense of responsibility and because it helps to educate them about handling money. Issuing Credit cards for teens is a safe and convenient way for kids to learn about credit cards, budgeting, and general finances. Learning proper money management is a big advantage for a teenager and will be useful in the future.

Teenage credit cards are generally limited and monitored. Depending on the credit card company, parents and other adults who purchase the card can monitor the spending habits of the cardholder. This is convenient when trying to determine how a teenager is handling their money or what they are spending it on. Once the money is placed on a teenage credit card, the card acts and functions as if it were a traditional adult card. Online shopping has grown in popularity among individuals of all ages. A teenager could pay for an adult or unapproved item without their parents even knowing about it; therefore, a credit history report is important and often requested.

Although credit cards for teens are convenient for both parents and children, many teenagers may become dependent on the convenience. Carrying around a credit card instead of cash or a checkbook is easier, however, it comes with price. Although many banks charge a fee for credit or debit cards, the fee is generally drastically lower than the ones attached with a credit card. Teenagers or young adults who become accustomed to paying with plastic often put themselves at risk of serious credit

problems when they obtain a traditional credit card. Because they are used to just whipping out the plastic charge card, they may be more likely to do so in college or later on in life.

Credit cards for teens can be an asset or a liability. They may teach kids the importance of tracking money and not spending beyond their means. However, there are other teenagers who may handle the situation differently. The decision to offer your child a credit card is one that the whole family should decide carefully. Giving credit cards for teens to a try for a while just might work out in your benefit. If it doesn't work out, just throw away the card when the balance has been depleted and revert back to traditional cash. There are numerous ways to educate your child about money, including giving your child a teenage credit card.

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