

Overview

In this lesson students will learn about the basics of what a credit card is and the different responsibilities that come with owning a credit card. Students will learn about what both a credit report and credit score are and the impact they have on someone's finances. By the end of the lesson students will be able to implicitly and explicitly think about situations that will either improve or harm their credit and explain why.

Objectives

By the end of the lesson, students will:

- Define key terms such as credit score and credit report
- Determine different events that either improve or harm someone's credit
- Understand the purpose of a credit card
- Understand the responsibilities that come with owning a credit card.

Standards

Spending and Saving

Standard 2. Develop a system for keeping and using financial records.

Standard 3. Describe how to use different payment methods

Credit and Debt

Standard 1. Analyze the costs and benefits of various types of credit.

Standard 2. Summarize a borrower's rights and responsibilities related to credit reports.

Standard 3. Apply strategies to avoid or correct debt management problems.

Financial Decision Making

Standard 1: Recognize the responsibilities associated with personal

Vocabulary

- **Credit:** is when you have the ability to use borrowed money
- **Credit Score:** single number that sums up your credit history
- **Credit Report:** is a complete credit history, meaning the bills you have paid (or didn't pay), and their amounts.
- **Credit Limit:** Your credit limit is the total amount you are allowed to borrow.
- **Grace Period:** This is the time between when you borrow money and when interest begins to be charged on the principle.
- **Minimum Payment:** This is the least amount you can pay back per month before your credit card company considers you defaulting on your debt. This is a percentage of your total principal balance

Lesson Plan Includes

- | | |
|------------------------------|-------------------------------|
| □ Direct Instruction | □ Technology-Based Activities |
| □ Accompanying Presentations | □ Worksheets |
| □ Class Discussion | □ Assessments |
| □ Full Class Activities | □ External Resources |
| □ Small Group Activities | □ In Class or Homework |
| □ Individual Activities | |

Activity Summary

- Introduction
□ □ **Time:** 5 Minutes
- PFL Budgeting Game
□ □ □ □ □ **Time:** 20 Minutes
Requires: PFinLab Budgeting Site License, Computer Access
- PFL Credit Cards Lesson
□ □ □ □ □ □ **Time:** 15 Minutes
Requires: PFinLab Curriculum Site License, Computer Access
- PFL Credit Report Lesson
□ □ □ □ □ □ **Time:** 15 Minutes
Requires: PFinLab Curriculum Site License, Computer Access
- PFL Credit– Borrowed Money Lesson
□ □ □ □ □ □ **Time:** 15 Minutes
Requires: PFinLab Curriculum Site License, Computer Access
- Find Your Credit Score
□ □ □ □ **Time:** 10 Minutes
Requires: Computer Access
- Credit Grievance
□ □ □ □ □ **Time:** 10 Minutes
Requires: Computer Access
- Impact on Credit Score
□ □ □ □ **Time:** 20 Minutes
Requires: Worksheet
- Credit Report Card
□ □ □ □ **Time:** 20 Minutes **Requires:** Worksheet
- Impact on Credit
□ □ **Time:** 10 Minutes

Instructor's Guide

Introduction

Explain to students that today they will be learning all about credit cards.

Explain to them that:

- **Credit:** is when you have the ability to use borrowed money
- **Credit Report:** is a complete credit history, meaning the bills you have paid (or didn't pay), and their amounts.
- **Credit Score:** single number that sums up your credit history

Explain that throughout the lesson they will be learning about different things that affect your credit score and report and why it is important to know about it.

Time:
5 Minutes

Type:



Required Resources:

Independent Activities

Activities designed for students to learn independently—either in class or as homework. Some activities include presentations if you prefer to use them for direct instruction instead of independent study.

PFinLab Budget Game

Have students complete 1 simulated month of the PersonalFinanceLab.com budgeting game. Have them record the transactions that they put on their credit card .

Have them write 2-3 sentences on how their credit score changed over the month.

Collect this sheet as a homework assessment.

Time:
20 Minutes

Type:



Required Resources:

- PFinLab Budget Game
- Computer Access

Instructor's Guide

PFinLab Credit Cards Lesson

Assign your students the "Credit Cards" lesson on PersonalFinanceLab.com. This lesson gives an overview of what a credit card is, introduces key terms and phrases when using a credit card and how to use a credit card responsibly.

They will be required to complete the quiz at the end as an assessment. If used as homework, follow up with discussion questions the next day.

Discussion Questions:

- What are some ways that you can use a credit card responsibly?
- When you are paying with a credit card, where is that money coming from?
- Define the minimum payment and how that affects your credit score?

Resource Links:

Lesson Content (Included in the Assignment on PersonalFinanceLab.com)
[Credit Cards \(personalfinancelab.com\)](https://www.personalfinancelab.com/credit-cards)

Accompanying Presentation:

[Credit Cards Presentation - Personal Finance Lab](#)

Open-Ended Challenge Questions

- What is the difference between Credit and Debit?
- How does a credit card company make its money?
- How can credit cards help you and hurt you financially?
- In your own words, explain what the Card Act of 2009 is.

Time:

15 Minutes

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Required Resources:

- PFinLab Curriculum
- Computer Access

Credit Grievance

In this activity, students will be looking through a credit grievance process.

Have students go to the following website:

- <https://www.consumerfinance.gov/>

Allow them to do a self-investigation of the different ways and reasons to file a grievance.

Have them write and turn in a paragraph of the different types of grievances.

Time:

15 Minutes

Type:

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Required Resources:

- Computer Access

Credit Cards

Instructor's Guide

PFinLab Credit Report Lesson

Assign your students the "Credit Report" lesson on PersonalFinanceLab.com. This lesson clearly explains what the difference is between a credit score and a credit report. The lesson then describes the different parts of a credit report and its importance.

They will be required to complete the quiz at the end as an assessment. If used as homework, follow up with discussion questions the next day.

Discussion Questions:

- What is the difference between a credit score and report?
- When are a few instances when you need your credit report?
- What goes on your credit report?

Resource Links:

Lesson Content (Included in the Assignment on PersonalFinanceLab.com)
[Credit Reports \(personalfinancelab.com\)](http://personalfinancelab.com)

Accompanying Presentation:

[Credit Reports Presentation - Personal Finance Lab](#)

Open-Ended Challenge Questions

- How is a credit score calculated?
- What is the difference between a credit report and a credit score?
- How important is it for you to build your score? Give examples of how this will help you financially.
- List 3 Credit reporting agencies.
- How might fraud affect your credit score?

Time:

15 Minutes

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Required Resources:

- PFinLab Curriculum
- Computer Access

Find Your Credit Score

In this activity, students will be looking up their own credit score.

Have students go either of the following websites:

- www.creditkarma.com
- www.freecreditscore.com

Have them fill out the information and figure out their credit score.

Time:

10 Minutes

Type:

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Required Resources:

- Computer Access

Credit Cards

Instructor's Guide

PFinLab Credit– Using Borrowed Money Lesson

Assign your students the “Good Debt, Bad Debt” lesson on PersonalFinanceLab.com. This lesson gives an overview of key terms involved with a credit in terms of both a credit card and a mortgage.

They will be required to complete the quiz at the end as an assessment. If used as homework, follow up with discussion questions the next day.

Discussion Questions:

- What are some things that impact your credit?
- How are a credit card and a mortgage similar? Different?

Resource Links:

Lesson Content (Included in the Assignment on PersonalFinanceLab.com)

[Good Debt, Bad Debt \(personalfinancelab.com\)](https://personalfinancelab.com)

Accompanying Presentation:

[Using Credit Presentation - Personal Finance Lab](#)

Open-Ended Challenge Questions

- In your own words, describe what you mean by Credit.
- What is a credit score?
- How can you improve your credit score?
- What ways can you destroy your credit score?
- How can scammers and fraud effect your credit score?
- Why do people take out mortgages for such a long period of time?

Time:

15 Minutes

Type:

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Required Resources:

- PFinLab Curriculum
- Computer Access

Instructor's Guide

Full Class Activities

Activities designed for whole-class participation. These are best used along with the direct instruction portion of the lesson.

Impact on Credit Score

Pre Activity Questions:

- What is a credit score?
- Why is it important?
- What are some things that have a positive impact on your credit score?
- What are some things that have a negative impact on your credit score?
- What does the term credit card limit mean?

In this activity, students will read short financial decisions and decide whether that has a positive or negative impact on someone's credit score. Then as a class the answers and affects will be discussed.

Post Activity Discussion:

- Why was there no effect when Amy ordered a credit report?
- Overall what would you give Amy as a credit score?
- What is another life event that you would add to Amy's list?
- Do you think it's manageable for one person to have more than 2 credit cards why?
- What other type of payment methods could Amy have used other than credit?

Time:

20 Minutes

Type:

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Required Resources:

- Worksheet

Instructor's Guide

Small Group Activities

Activities designed for small groups of students. These resources are best used after full-class direct instruction and activities.

Credit Report Card

In this activity, students will be working with a partner or in small groups to read scenarios of people's financial situation. They will then give each person a credit score.

Place students in groups and give them the link below, have them choose between one of scenarios; young family, single professional, married couple planning for retirement, married couple managing proceeds from a sale, or single individual pursuing an MBA.

Go over the answers as a class and have a class discussion.

Discussion Questions:

- Why did you give that credit score?
- What factors made you give a higher score? Lower score?

Resource Link:

[Financial Planning Case Study | Bustamante Financial Planning \(bustamantefinancialsolutions.com\)](https://www.bustamantefinancialsolutions.com/financial-planning-case-study)

Time:
15 Minutes

Type:

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Required Resources:

Impact on Credit

In this activity the class will be split into groups and the teacher will ask each to give an example of how to either improve or hurt your credit score.

Each group will have ten seconds to answer. If they don't have an answer the next group can "steal" their points.

Write answers on the board after the group says it so they will be reminded of ways to improve or damage your credit.

These actions will improve your credit score:

- Consistently pay your bills on time.
- Keep credit card balances 30% or less of your spending limit.
- Only apply for new credit accounts when you need them.
- Have high income relative to how much you owe.
- Have a good credit history for a long period of time.

These actions may hurt your credit score:

- Pay some bills late
- Have credit cards balances near your maximum spending limit
- Apply for new credit cards frequently, whether needed or not
- Have a very brief credit history
- Exceed your credit card spending limit

Discuss as a class why these actions would either improve or hurt your credit score.

Time:
10 Minutes

Type:

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Required Resources:

Credit Cards

Conclusion

Remind students that:

- Credit: is when you have the ability to use borrowed money
- Credit Report: is a complete credit history, meaning the bills you have paid (or didn't pay), and their amounts.
- Credit Score: single number that sums up your credit history

Tell them that these terms are important because if you are applying for a job, a loan, buying a car and many other things you will need to know this information.