

Money Sense Lesson 3: To Your Credit

Welcome to To Your Credit, the third lesson in our Money Sense program.

In To Your Credit, you will focus on teaching students about credit and how to manage it successfully. You will engage in discussion and activities around credit cards, credit score, and credit reports. This is a critical lesson for students who are about to transition to independent living, as they will begin to be exposed to credit card offers. It is critical to reinforce the importance of using credit wisely and responsibly to ensure students don't end up drowning in debt.

Begin by showing the Prezi slide detailing what you will cover and then move into the definition of credit. Be sure to get students involved with the discussion by asking them to define and share examples of credit. After students respond, fill in the gaps by sharing key points about credit.

Now move to the discussion regarding credit cards. Ask students if they have ever used a credit card and to describe how they work. Show the credit card vocabulary slide in PREZI and have students refer to their sample credit card statement in their workbook. Ask students to define APR, available credit, and late payment fee. Use the credit card statement to identify and explain these three terms. Now ask students what grace period means and then show the PREZI slide illustrating the timeline of a credit card balance.

Next, illustrate the high costs of using a credit card to pay for items over time. Review the PREZI slides and have students guess how many years it takes to pay off the items listed based on making the minimum payment. Reinforce that this is a very costly method of buying things. Then illustrate the benefits of paying more than the minimum and review the slide detailing the benefits of using a credit card. Now play the video discussing how to use credit responsibly and the benefit of paying things off as soon as possible.

Next students will complete an activity where they compare credit card offers. Have them refer to the activity in their workbook and provide them with the instructions for the activity. Give them a couple of minutes to complete it and ask students to provide their response and facilitate a debrief session. Conclude the credit card section by reviewing the PREZI slide detailing credit card tips.

Part two of this lesson focuses on credit score and credit reports. Begin by asking students to define credit score and then play the video which will further bring this to life. Continue to move through this concept by having students refer to their workbook as you discuss FICO score ranges, what's in your credit score and what does not factor into your credit score.

Now move to the discussion regarding credit reports and ask students to describe a credit report. Review the PREZI slide detailing what is listed in a credit report and play the video to further bring this concept to life.

Now have students refer to the credit report activity in their workbook and guide them through this activity. Be sure to stress that all payments are tracked and that if a collection agency has to try to recover an unpaid item from them, it will show up on their credit report.

Now transition into how having good credit versus bad credit impacts individuals when they borrow money to buy important things they need or want in life. Use the PREZI slides to complete this illustration.

Now have students refer to the loan officer activity in their student workbook. Be sure to follow the instructions in your instructor notes. You will recruit four students, one loan officer and three loan applicants, to participate in this roleplay. The loan officer will use the worksheet in their student workbook to ask the loan interview questions. Hand out the answers to the interview questions to the three loan applicants. The loan officer should ask questions one at a time and have all three loan applicants respond before moving to the next question. The loan officer and the remainder of the class should document their answers on the worksheet in their workbook. The goal is to determine which loan applicant is the best credit risk. Once the applicants have been interviewed, move to the bottom half of the worksheet and have the loan officer and

other students in the class answer the questions. Once complete show the PREZI slide with the correct answers. If you feel like you are running out of time, you can speed up this activity by going through the responses to the interview questions yourself, rather than recruiting students. Keep the students engaged by selecting a handful to read the questions aloud.

Conclude this lesson by reviewing the PREZI slide detailing who can check an individual's credit report, tips for building a good credit history and ways to improve your credit score.

Now use the Student Financial Capability Checklist in the student workbook to summarize the key concepts discussed. Encourage students to complete the checklist and create an action plan for any areas that need attention. Tell students to hang on to this workbook as a reference guide and to share it with family and friends.

If a pre-survey was administered at the beginning of the lesson have students now complete the post-program survey. Again remind students that they should use the same code that they put on their pre-survey. Be sure to return all surveys to SecureFutures after completing the program.

Also, if this is the last lesson the students will receive, pass out the evaluation form and ask students to complete it. Collect the evaluations and review them so you get a sense of how students felt about the lesson. Return the evaluations and all other materials to SecureFutures.

We hope you enjoy your experience in the classroom! Thank you for helping students to move down the path to building a secure future for themselves.