






**To Your Credit**  
**Volunteer Instructor Notes**

# KEY

*****	<b>Slide Separators</b> To help you know which bullet points are for which slides.
	<b>Facilitation Tips</b> Use these tips to help guide the lessons and deliver the activities.
	<b>Workbook Activities &amp; Resources</b> All activities and resources are located in the student workbooks.
	<b>Important Notes</b> Review these before presenting in a classroom.

**Technology:** Educators should have the Prezi loaded and projected on a screen when you arrive at the classroom. If they don't, you can access the links in your Confirmation Email or through the Resource Library.



**Videos:** Test the videos and the speakers before you begin your presentation. If they don't load quickly or if the speakers don't work, skip the videos. If you feel like you may not have enough time to cover the whole lesson, skip the videos. If you feel like they aren't a good fit for the students or your presentation style, skip the videos! All of the content in the videos is covered in the slides.



**Name Tents and Evaluations:** If you do not have these items in your packet, then you do not need them. Sometimes we choose not to include them due to a variety of factors. If they are in your packet, consider handing the name tents out to the students as they walk into the room. This may save you a little time.



**Cell phones in the Classroom:** Cell phones in the classroom can be a distraction, but they are common. Each school and organization has a different policy and we must respect their rules. Unfortunately, we cannot require students to put away their phones if that isn't the organizational policy. Discuss this with the educator before presenting and request that they manage students' usage according to their policy.



Updated 12.12.24

**Use the guidelines below to help you time out your presentation.  
 These times are also listed with each section on the following pages.**

<b>To Your Credit – Full Lesson</b>	<b>Minutes</b>	<b>Page</b>
<b>PART 1</b>		
Introduce yourself, lesson opening and objectives, set ground rules	8	3-6
What is credit?	4	7-8
Credit cards & their vocabulary <i>*important activity</i>	7	9-10
Credit card statement, timeline of credit card balance	6	11-12
What’s the Catch - Responsible credit card use	3	13-14
Minimum payments	5	15-16
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Comparing credit card offers <i>*important activity</i>	6	19-20
Credit card tips	3	21-22
	<b>44</b>	
<b>PART 2</b>		
Review	2	23-24
Credit report definition	2	25-26
What's on a credit report	4	27-28
Review a credit report	4	29-30
Credit score definition	5	31-32
Credit score ranges	3	33-34
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How long to establish credit?	1	37-38
Who can check your credit report & credit score activity <i>*important activity</i>	10	39-40
Common mistakes that hurt your credit, things that boost your credit	5	41-42
Financial Capability (Go Do It Now) checklist & evaluation	5	43-44
	<b>44</b>	
<b>Total Time</b>	<b>88</b>	

<b>Stories, Examples &amp; Notes</b>

# To Your Credit



This presentation is based in part of FDIC MoneySmart and NextGen Personal Finance



How many Americans do not have credit history with a nationwide consumer reporting agency?

Nearly 28 million

(Lexingtonlaw.com - [30 Credit Score Statistics for 2023](#)  
Source: Oliver Wyman, 3, Report:  
[Financial Inclusion and Access to Credit - 2022](#))

## Introduce Yourself


2 min

 **Pass out the name tents and have the students clearly write their names on them. Do your best to call students by their names throughout the lesson.**

- Introduce yourself in a welcoming manner and make students feel comfortable.
  - Who are you? What do you do?
  - Why do you volunteer for SecureFutures?
- What is SecureFutures? An organization that...
  - delivers financial education to high school students.
  - provides teens with the financial education and tools needed to form good financial habits that get them ready to live independently.
- If this is the first lesson, explain why financial education is important and that you will be teaching a financial education lesson to them.

## Discussion: Lesson Opening

2 min

-  **Start with the question slide to break the ice:** How many Americans do not have credit history with a nationwide consumer reporting agency?
- **Answer:** Nearly 28 million
  - This is likely due to them never having credit or having so little credit that a score or report cannot be generated (source: [Financial Inclusion and Access to Credit](#), 2022).
  - Explain why financial education is important and that you will be teaching a financial education lesson to them.

## Stories, Examples & Notes

**Transition:** Let's see what we are going to cover in this lesson.

# What we'll learn...

- What credit is.
- How to manage credit responsibly.
- What credit reports and credit scores are.
- How to build and improve your credit score.



# How we'll do this...

- Active participation!
- Be engaged. Ask questions and participate in discussions.
- Respect each others thoughts, perspectives, and contributions.
- Maximize your experience by using the workbook.
  - Take notes and complete activities.
- Have fun while learning!



## Lesson Objectives: What we'll learn . . .

2 min

- ↪ Review the lesson objectives on the “What we'll learn...” slide.
  - **ASK:** Which of these topics is most interesting to you?
- ↪ **TRANSITION:** So now that we know what we're going to talk about, let's set a plan for how we will cover the topics.

## Set Ground Rules: How we'll do this . . .

2 min

- ↪ Share the bullet points on the “How we'll do this...” slide.
  - Active participation
  - Be engaged: ask and answer questions. Be curious!
  - Respect each other's thoughts and listen when others are talking. Don't interrupt.
  - Use the workbook during the activities and have fun!
- ↪ Ask the students if they have any other ground rules they would recommend, or share your own. Discuss how to earn participation incentives (if you're offering one). Ex: raffle, candy, money.

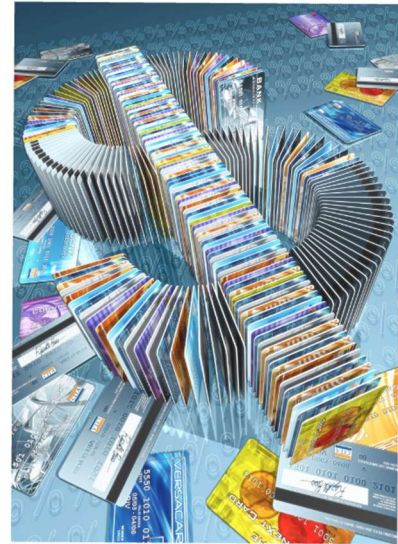
## Stories, Examples & Notes

**Transition:** Let's get started...

# So... what is credit?



- It's money that is loaned to you
- It's paid back with interest when payments are made over time
- It's a way to buy now and pay later
- Accessibility is based on your borrowing history



## Why does credit matter?

Managing credit responsibly can lead to ...

- Lower interest offers on loans.
- Easier vehicle financing.
- Low cost/no cost security deposit with rental properties.
- Home-buying power.
- Higher credit scores can sometimes favorably impact your job prospects.







- **ASK:** What is credit?
- ↳ **Have students review the incomplete sentence in their workbooks and see if they can guess any of the missing words.**
  - **MONEY** that is **LOANED** to you that you pay back with **INTEREST**.
- ↳ **After getting a few responses, reveal the rest of the “So . . . what is credit?” slide.**
  - Have the students complete the sentence in their workbooks if they did not complete it.
- **ASK:** Have you ever borrowed money from someone else? Did they set any terms for repayment?
- **ASK:** Have you ever loaned money to someone else? Did you charge them interest?
- **ASK:** Would you loan money to that person again? Why or why not?

\*\*\*\*\*

**SLIDE: Why does credit matter?**

- **ASK:** Why do you think managing credit responsibly is a good thing?
- ↳ **After getting a few responses, advance the slide to reveal a few things having good credit can lead to.**

**Stories, Examples & Notes**

**Transition:** Let’s take a look at a common way that people use credit...

## Many people use credit for...



### AUTO LOANS

Loans from financial institutions used to purchase a vehicle; paid back in installments.



### MORTGAGES

Loans used to purchase a home or commercial space.



### PERSONAL LOANS

Loans taken for general purposes. (debt consolidation, personal needs, etc.)



### STUDENT LOANS

Loans to help learners cover post-secondary educational costs.



### CREDIT CARDS

Cards used to make purchases with funds loaned from the card issuer.



## CREDIT CARDS

Cards used to make purchases with funds loaned from the card issuer.

## Credit Card Vocabulary


8.5% 15% 9.5%  
3% 2.5% 20%  
10% **11%** 14.5%  
4% 22% 7.5% 1%  
19% 23% 2.5%




1. APR
2. Grace Period
3. Available credit
4. Late payment fee

## Discussion: Credit Cards

3 min

 Quickly go through the different types of credit. Advance the slide to zoom into the credit card section.

- **ASK:** Has anyone ever used a credit card? How do they work?
  - If no one has a credit card, ask someone to describe how they think credit cards work.

 *U.S. credit card companies will not provide individual credit card accounts to minors because those under the age of 18 are not allowed to enter into legal contracts. However, a parent or guardian could add a child as an authorized user to the parent's account.*


### Summarize:

- When you use a credit card you are taking out a loan. You are using the credit card issuer's money to pay for something.
- Credit cards are different from debit cards. When you use a debit card you are using the money in your checking account to pay for something.
- A credit card issuer is a company or financial institution that offers credit cards.
- American Express, Visa, Discover, and MasterCard are not credit card issuers.



## Activity: Credit Card Vocabulary (Page 2)

4 min

 Refer to page 2 in the workbook. Ask the students to identify the correct definition by drawing a line to connect each vocabulary term with the correct definition.

- **APR** is the annual rate that is charged for borrowing, expressed as a single percentage number that represents the actual yearly cost of funds over the term of a loan. This includes any fees or additional costs associated with the transaction.
- The **Grace Period** is the number of days between a consumer's credit card statement date and payment due date when interest is not charged.
- A **Late Payment Fee** is charged if the minimum payment is made after the payment due date. Usually \$25 - \$35!
- **Available Credit** is the amount that you have available to spend. This is based on the credit limit less the current balance less any pending transactions. The credit limit is the amount of credit available on your card account. You can spend up to this limit. If you exceed your limit you will likely be charged an over-limit fee, commonly \$25.

**Transition:** Let's take a look at how these terms come into play on a credit card statement....

# Sample Credit Card Statement

**CARD Statement** Available Credit

Account Number 1234 1234 1234 1234  
 Statement Closing Date 07/09/2024  
 Credit Line \$2,100.00  
 Available Credit \$1,576.80

TERESA TORRES  
 123 ANY STREET  
 CITY WI 12345

**Account Summary**

Previous Balance	\$1,686.15
- Credits	\$0.00
- Payments	\$1,686.15
+ Purchases & Other Chgs	\$523.20
+ Cash Advances	\$0.00
+ FINANCE CHARGE	\$0.00
= New Balance	\$523.20

**Payment Information**

New Balance	\$523.20
Scheduled Minimum Payment	\$35.00
Scheduled Payment Due Date	08/01/2024

**Rate Information**

APR 1 → Corresponding ANNUAL PERCENTAGE RATE

Type of Balance	Corresponding ANNUAL PERCENTAGE RATE	Daily FINANCE CHARGE RATE	Average Daily Balance
PURCHASES	19.80%	.05424%	\$0.00
CASH ADVANCE(S)	21.80%	.05972%	\$0.00

Days in Billing Cycle 30

**Transactions**

Trans Post	Reference Number	Description	Credits	Charges
06/11 06/11	XXXXXXXXXXXXXXXXXXXX	MERCHANT NAME		532.20
06/12 06/13	XXXXXXXXXXXXXXXXXXXX	PAYMENTS	1,686.15	

Account Number 1234 1234 1234 1234  
 New Balance \$523.20  
 Scheduled Minimum Payment \$35.00  
 Scheduled Payment Due Date 08/01/24  
 Amount Enclosed \$

TERESA TORRES  
 123 ANY STREET  
 CITY WI 12345

# Timeline of a Credit Card Balance

Take advantage of your grace period to avoid interest charges!

Payment due date Jun 18, 2022

Minimum payment \$40.00

Statement balance \$186.15

Automatic payment

Current balance \$186.15

Available credit \$1,213.85

Take credit limit \$15,000.00

Next closing date Jun 21, 2022

Purchase APR (up to May 20, 2022) 15.99%

Cash advance APR (up to May 20, 2022) 25.99%

↪ **Review the credit card statement. Each section of the vocabulary will have its own slide. If the students did not get the correct answers on the previous activity, have them draw the lines to each word as you go through them.**

\*\*\*\*\*

↪ **Timeline of a credit card balance.**

**Play Video - 58 seconds**

- If the video does not work, explain how grace periods work for credit cards.
  - You will not be charged interest on purchases made in your current billing period IF you pay the entire balance due by the due date.
  - You do not have to pay for the previous month's purchases until your next due date for the next billing period.
  
- **ASK:** These concepts can be a little confusing. Does anyone have any questions?

**Stories, Examples & Notes**

**Transition:** Now that we understand credit cards and the terms, is there a catch?

# What's the Catch?

- Each billing cycle, credit card companies require a minimum, usually 3% of the balance (i.e. \$3 for every \$100).

- The annual percentage rate (APR) determines the interest owed. The APR may increase if a payment is late or missed.

- If what you owe is not paid in full and on time, you pay additional fees in interest, finance charges on the balance, and possibly late fees.



## Discussion: What's the Catch? Responsible Credit Card Use

3 min

- **ASK:** How do credit card companies make money?
- You are entering into an agreement with the credit card issuer when you make a purchase with your card.

 **Advance the slide to explain what can be expected out of this agreement with regard to payments and fees.**

### Summarize:

- Making minimum payments costs more in the long run.
- Interest is based on the APR. Your APR may increase if a payment is late or missed.
- There are no additional costs if the full balance is paid on time.
- If you make a late payment, you must pay interest and finance charges.
- Borrowers can get into financial trouble by using a credit card to buy things they can't afford.

## Stories, Examples & Notes

Share: Your own example of learning how to use a credit card and or any mistakes you or someone you know have made using a credit card.

**Transition:** What happens if you pay the minimum amount?

## If the minimum payment is made...

Item	Price	Min. Monthly Payment (3% of balance or at least \$35)	Interest Paid (19.8% APR)	Total You Pay Over Time	Time to Pay Off
Air Pods	\$250	\$35	\$18	\$268	8 Months
PS5	\$500	\$35	\$75	\$575	1 Year 5 Months
Summer Vacation	\$3,000	Starts at \$90	\$1,392	\$4,392	4 years

## The benefit of paying MORE than the minimum payment

PS5 Original Balance	Monthly Payment	Total Time to Pay Off	Total Amount Paid
\$500	\$35	1 year, 5 mo	\$574
\$500	\$75	8 months	\$534
\$500	\$500	1 month	\$500

**Q: What percent of Americans who have credit card debt won't be able to pay it off within a year?**

**A: 70%**





## Discussion: Minimum Payments

5 min

**ASK:** If you only make the minimum payment, how long do you think it will take to pay off the Air Pods? PS5 (*PlayStation 5 gaming system*)? Money spent during a summer vacation?

 **Have students guess. Click to reveal the answers.**

- The minimum monthly payment is 3% of the outstanding balance, so it will decrease as the balance decreases. It takes a lot more time and money to pay off purchases when you're only making the minimum payment.
- Paying the minimum may seem like a good way to get something you want, but you may end up making payments for many years and digging a hole that you never get out of.
- Consider whether the purchase will be outdated by the time you pay it off (ex: cell phone, computer, gaming system).
- Most times you are better off saving for a purchase instead of charging it.

\*\*\*\*\*

 **Illustrate the benefits of paying more than the minimum each month.**

 **Stress how much money is saved by paying more than the minimum or the full balance.**

- **ASK:** How could you make large purchases like these *without* using a credit card?
  - Create a budget and savings plan. Saving \$500 or \$1,000 before making a purchase will likely take less time than making minimum credit card payments.

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**QUIZ - ASK:** What percent of Americans who have credit card debt won't be able to pay it off within a year? Answer – 70% (ngpf.org 9/30/20)

 **Have students guess. Click to reveal the answer.**

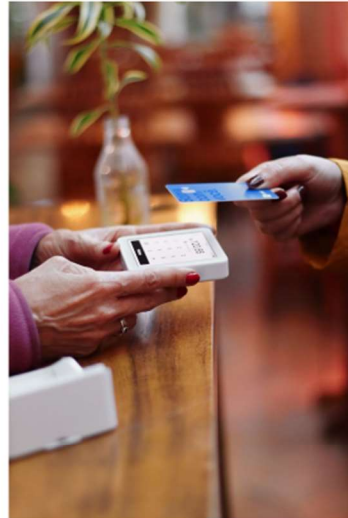
- Credit card companies hope that people make the minimum payment and stay in debt, so they can make money by charging interest over very long periods of time.
- Interest accrued on monthly balances can quickly add up.
- Credit card companies aren't trying to help you by accepting a minimum payment, they are trying to make money.

## Stories, Examples & Notes

**Transition:** Using a credit card doesn't have to be scary!

## What are the benefits of using a credit card?

- Convenience, you can add a credit card to your phone
- Make a monthly payment for several purchases made during the prior month
- Using a card responsibly helps you build a good credit history
- Can be used in emergency situations to cover an expense that has to be paid now



## Discussion: Benefits of Credit Cards

2 min

- **ASK:** What are the benefits of using a credit card?

 **After getting responses, reveal the answers on the slide.**

## Stories, Examples & Notes

Share: How you use your credit card responsibly, if you have more than one card for different purposes, has having a credit card ever helped you out in an emergency?

**Transition:** Let's take a look at a few different credit cards and compare them.

# Compare Credit Card Offers



## 3 Comparing Credit Card Offers

Work with a partner to select the card that is the best fit.

	 <b>Card A</b>	 <b>Card B</b>	 <b>Card C</b>
Annual Fee	\$0	\$50	\$0
Introductory Rate	None	0% for 6 months	0% for 12 months
Interest Rate	17.5%	13.9%	15.2%
Late Payment Fee	\$45	\$0 for the 1st late payment, then \$41	\$41
Over-the-Limit Fee	None	\$35	None
Rewards	Travel points for air and hotel	None	1% Cashback on all purchases



**↪ Have students work in pairs or small groups to compare the offers to determine which is best and why.**

- If you feel that it suits the group best to have them work individually, then choose that option.

**↪ For each category, tell students to circle the feature that is most appealing to them. It will help guide their decision.**

- Clarify concepts like annual fees, interest rate, late payment fee, over-the-limit fee, and rewards if necessary.

**↪ Have groups share their answers with the whole class.**

- Card C is the best offer on paper, however answers may differ according to their preferences.

### **Stories, Examples & Notes**

**Transition:** To wrap up this section, let's look at some credit card tips.

# Credit Card Tips

- Avoid carrying a balance
- If you carry a balance, stay below the recommended usage percentage (30%)
- Don't use your card for cash advances



- Think before you buy.  
**If you can't pay cash for it now, will you be able to pay for it when the bill comes?**

**END PART 1**

## Discussion: Credit Card Tips

3 min

- Avoid carrying a balance.
  - Some cards charge 20% or more in interest, and your interest rate can be raised at any time, even if you've never made a late payment.
- The recommended credit card usage (card balance) is 30% of the credit limit. Try to stay below that amount.
- Don't use your credit card for cash advances – they usually don't qualify for a grace period before interest begins to accrue on the balance, and the interest rate on cash advances is typically higher than the rate for purchases. Sometimes there is also an extra fee for cash advances.
- Be sure to read the fine print before accepting a credit card offer.

**END OF PART 1:** If you are teaching a two-part lesson and you still have time, continue onto the next slides and get as far as you can.

## Stories, Examples & Notes

**Transition:** Credit cards are only one piece of the puzzle. Let's look at credit reports and credit scores now.

Start Part 2

## Let's Review



### 1. What is Credit?

Money that is loaned to you, paid back with interest.

### 2. What is APR?

Annual Percentage Rate - the interest rate charged yearly on purchases.

## *So, how's your credit?*



*And why does it matter?*



**Discussion: Review****2 min**

**START OF PART 2:** If you are teaching a two-part lesson, be sure to reintroduce yourself to the class before jumping into the curriculum. Ask the students what they remember from the last lesson. Ask them if they shared what they learned with anyone. If you did not make it this far in your first session, that is okay. Pick up where you left off.

- **ASK:** What is credit and what is APR to help the students remember where you left off.
- **ASK:** What do people mean when they ask “How’s your credit?”

**Stories, Examples & Notes**

**Transition:** The terms of your loan are determined by...

Your spending and payment habits are always under scrutiny and it's all tracked on your...



**Credit**  
*Report*

=

A detailed record of how you have repaid your debts

**Discussion: What is a credit report?**

**2 min**

See if any students have heard the term credit report before. What do they think it is? Is it important? Why?

\*\*\*\*\*

- A credit report is a detailed record of how you have repaid your debts

**Stories, Examples & Notes**

**Transition: What is on a credit report?**

# What is on a credit report?

## *It lists:*

- What types of credit you use
- The length of time your accounts have been open
- Whether you've paid your bills on time
- How much credit you've used
- Whether you're seeking new sources of credit

**EQUIFAX**<sup>®</sup>

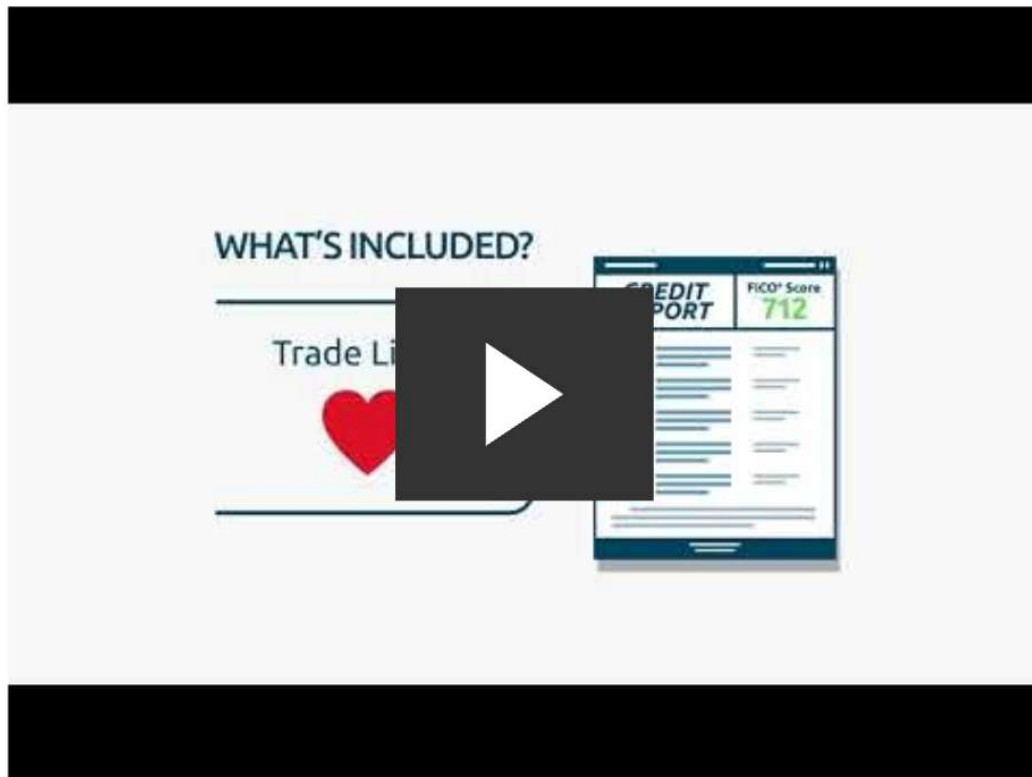
**experian**<sup>™</sup>

**TransUnion**<sup>™</sup>

*This info is used to generate your credit scores!*

*Video*

[annualcreditreport.com](http://annualcreditreport.com)



Move mouse over video & click to play

## Discussion: What Is on a Credit Report

4 min

- **ASK:** What is on a credit report?



**After getting responses from students click through the answers on the slide.**

- All of your financial-related activity regarding using credit, paying bills, unpaid taxes, collection agency activity, and bankruptcies is tracked by the three credit reporting agencies.
- Your credit score is derived from the information on your credit report.

\*\*\*\*\*



**Play Video (OPTIONAL) – 2 min, 19 sec**

- This video goes into more detail about what is on a credit report.



*If the video doesn't work or you want to save time, it's okay to skip it. The concepts are covered in other slides.*

## Stories, Examples & Notes


Share: Do you look at your credit report yearly? If so, what do you look for specifically?

This story can be a good transition into the next section.

**Transition:** Let's take a look at an actual credit report...



 Review each section of the sample credit report. As you advance the slide it will zoom into the different sections.

 The students have descriptions of each section on page 4 of the workbook. Have them fill in the section heading as you review the report.

- Let them know that the QR code on page one of their workbooks contains more information about each section for future reference.

 Highlight sections 3 & 4:

- For section 3, stress that if bills aren't paid they will likely be turned over to a collection agency.
  - Review the two types of credit listed in section 4.
  - **ASK:** What do you think all of the numbers next to "Payment History" represent?
  - **Advance the slide and review the key.**
  - EVERY MONTH COUNTS when paying bills!
- 
- It is possible for errors to show up on your credit report. If you notice something incorrect, address it with the credit reporting agencies right away.
  - Checking your credit report is a good way to keep an eye on whether your identity has been stolen. (*Identity Theft is discussed in the Check It Out lesson.*)
  - **CALL TO ACTION:** Check your credit reports for free annually by visiting: [www.annualcreditreport.com](http://www.annualcreditreport.com).

### Stories, Examples & Notes

Share: Your own or someone else's experience related to what was on your or their credit report.

**Transition:** As we discussed before, your credit report determines your credit score.



Credit rating companies crunch all these numbers to make your...



# Credit Score =

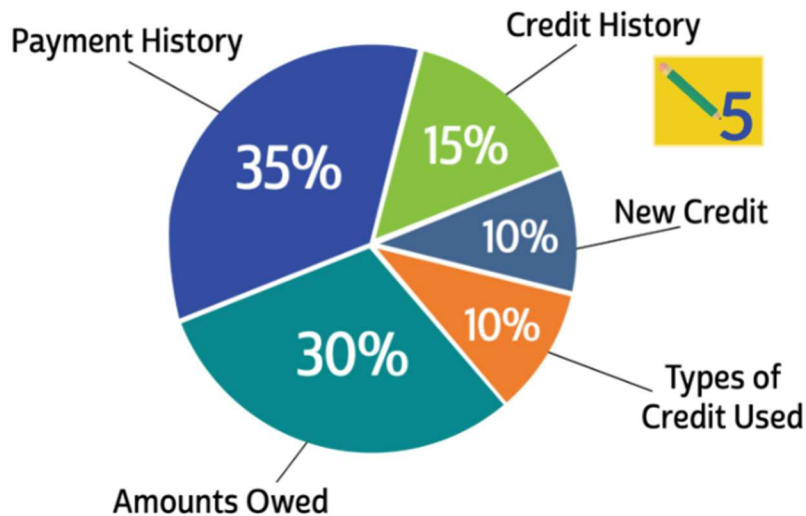
A rating based on the info in your credit report. It represents your creditworthiness, or how likely you are to pay back a loan on time.

Video



Move mouse over video and click to play.

## What's in your credit score?





## Discussion: Credit Scores


3 min

- Your credit score is a number or rating based on the info in your credit report. It represents your creditworthiness or how likely you are to pay back a loan.
- A credit score is similar to how you're graded in school. The higher the number (70%, 80%, 90%) the better your grade. Turning assignments in on time, doing quality work, and scoring well on exams all lead to a good grade. The same is true of your credit score.

\*\*\*\*\*

### Play Video (OPTIONAL) – 2 min, 8 sec


- This video goes into more detail on credit scores.

 *If the video doesn't work or you want to save time, it's okay to skip it. The concepts are covered in other slides.*



## Activity: What's in your credit score (Page 5)

2 min

 **Review the components that factor into a credit score and how they are weighted.**  
**BEFORE** clicking to reveal the percentages, see if the students remember the information from the video.

**ASK:** Can anyone tell me what percentage each component makes up on your credit report?

 **After a few responses, reveal the percentages and have the students copy them into the chart in their workbook.**

- Payment History = 35%
- Credit History = 15%
- New Credit = 10%
- Types of Credit Used = 10%
- Amounts Owed = 30%
- PAYMENT HISTORY and AMOUNTS OWED make up 65% of a credit score.
- **ASK:** What does not factor into your credit score?

## Stories, Examples & Notes

Share: How your own credit score or the score of someone else you know affected borrowing requests and interest rates on loans.

**Transition:** Let's take a look at what's not included in your credit score and the actual score ranges.

## What does **NOT** factor into your credit score?

- ✗ Your age.
- ✗ Your race, religion, national origin, sex, or marital status.
- ✗ Your salary, occupation, title, employer, or employment history.
- ✗ Where you live.
- ✗ Any interest rate being charged on a credit card or other account.
- ✗ Any items reported as child/family support obligations or rental agreements.

## FICO Score Ranges



**800 - 850**

**Exceptional.** You will likely have little trouble getting approved for credit and will qualify for the best loan terms.

**740 - 799**

**Very good.** You likely will qualify for better interest rates.

**670 - 739**

**Good.** Lenders see you as an “acceptable” borrower, but may require answers to additional questions about your credit history.

**580 - 669**

**Fair.** You might have difficulty getting credit. When you are approved, it likely will be at a higher interest rate.

**300 - 579**

**Poor.** This reflects some real hardships, such as bankruptcy, or a borrower who has not built up credit yet. If you are granted credit, you might need to put down a deposit or pay a fee.



 **Review the factors that do not affect your credit score.**

\*\*\*\*\*

 **Review the credit score ranges.**

 **Have students write the ranges into the table in their workbooks on page five.**

**Summarize:**

- The higher the number, the better.
- High numbers signify to lenders that you are a safe bet and less of a risk.
- Your credit score helps a lender determine whether you qualify for a loan and what interest rate you'll pay.

**Stories, Examples & Notes**

Share: What do you do personally to maintain a good credit score or how you can improve a low credit score?

**Transition:** Let's look at another example of how credit scores can save you money...

## Auto Loan

How can 2 people pay different amounts for the same car?



4-year used car loan for \$15,000

FICO Score	APR	Monthly Payment	Total Interest Paid
720-850	7.85%	\$365	\$2,527
690-719	9.02%	\$373	\$2,925
660-689	10.98%	\$388	\$3,602
620-659	11.92%	\$394	\$3,934
590-619	15.29%	\$420	\$5,145
500-589	16.48%	\$429	\$5,581
< 500	May need to find another form of financing		

## Discussion: Auto Loans

3 min

- How a person manages credit can have financial consequences when it comes to taking out loans, for example when buying a car.

### Paint the picture of how 2 people could have different monthly payments and total loan costs for the same car.

- Talk to 2 students and set the scene that they are best friends starting off in life: they share an apartment, they have the same amount of money saved for a down payment on a car, they have similar tastes and want the same car with the same options... so they decide to get the exact same car, but of course, they will get different colors!
- The car salesperson runs their credit reports and reports back to both "Great news, you are each approved! Student A, your monthly payment will be \$365. Student B, your monthly payment will be \$420."
- Ask the class what they think about that and why Student B's payment is higher.
- If the class isn't on the right track with their answers, suggest that Student B must not have managed their credit as well as Student A.
  - *You do not need to go into detail about what that means. This is just an introduction. The concepts will be covered in the coming slides.*

\*\*\*\*\*

### Show how credit scores relate to payment amounts.

## Stories, Examples & Notes

**Transition:** So, how can you start building good credit?

**Q: How long does it take to establish your first credit score?**



**A: About 6 months**  
( of on-time payments)

## Quiz: Establishing a Credit Score

1 min

- **QUIZ - ASK:** How long does it take to establish your first credit score?

 **Have students guess. Advance the slide to reveal the answer.**

- Answer – about 6 months (ngpf.org 9/30/20)
- Bills have to be paid on time during the six months.

## Stories, Examples & Notes

Share: The first time you were made aware of a credit score, made an effort to establish your own credit, any pitfalls you had early on, etc...

**Transition:** Let's take a look at what's not included in your credit score and the actual score ranges.

## Who can check your credit? Why?

Organizations and individuals with legitimate business concerns...

- Lenders from whom you applied for loans
- Unsolicited financial institutions who are interested in getting your business
- Your potential landlord
- Your insurance agent
- Your employer

## What's up with my Credit Score?

How do our financial decisions affect our credit score?



1. Listen to each scenario.
2. For each scenario, decide if your credit score goes up or down.
3. Discuss your answers.



Adapted from 

### Scenario #1

You skipped a credit card payment.  
Up or down?



Your score could go down 63-83 points.

CNBC Select - 5 Reasons Your Credit Score Could Drop

### Scenario #2

You take out a credit builder loan and make 12 consecutive on-time payments.  
Up or down?

Your score may go up as much as 60 points.



wallethub.com

### Scenario #3

You completely paid off a credit card and will only use it for emergencies.  
Up or down?

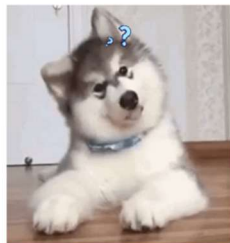


Your score could go up 10 points or more.

The Ascent: Motley Fool

### Scenario #4

You closed a credit card that you've had for eight years and no longer use.  
Up or down?



Your score may go down a few points.

Nerdwallet.com

### Scenario #5

You missed a car payment by 2 days.  
What is your new score?



Your score stays the same. It doesn't change because your payment was not 30 or more days late.

nerdwallet.com



## Discussion: Who Can Check Your Credit

2 min

- **ASK:** Who do you think should be able to investigate your credit?
- **ASK:** Why would someone want to check your credit?
- These groups have a legitimate interest in your credit history and score:
  - **Lenders:** Want to see if you're a good credit risk.
  - **Landlord:** Want to know if you will be a good tenant. Do you make your payments on time? Do you have a lot of debt?
  - **Insurance Agent:** Insurance companies have discovered that people with excellent credit have considerably fewer claims than those with poor credit. Insurance rates are often higher for those with low credit scores.
  - **Employer:** Wants to know if you're responsible.



## Activity: What's the Credit Score (Page 6)

8 min

**Activity Structure: Students must decide how each scenario affects their credit score. They will start at a score of 700 for each scenario.**

 **Ask a student to read the first scenario. The scenarios are also in their workbooks on page 6.**

- Give the class a moment to decide if the score will go up or down. They will mark Yes or No in their workbooks.
- They then will decide by how much the score went up or down and write the new score on the line provided in their workbook.
- **ASK:** Would anyone like to share their answer?
- Once the answer has been discussed, advance the slide to reveal the answer.
- Repeat with each scenario.

 **After each scenario, explain why the score went up or down.**

- SCENARIO 1: Score goes down a significant amount. Payment history is the largest portion of your credit score, so missing a payment has a big impact.
- SCENARIO 2: Score goes up quite a bit. Each successful payment is reported to the three major credit bureaus, which will increase your credit score.
- SCENARIO 3: Score goes up by 10 or more points (depends on how close you were to maxing out the card). Your amounts owed also decrease (credit utilization), which is the next biggest portion of your score.
- SCENARIO 4: Score goes down a few points. Your available credit decreased.
- SCENARIO 5: Stays the same. Most companies report missed payments after 30-45 days.

**Large group discussion adaptation of this activity.**

- If you are pressed for time or determine it would be better to complete the activity without volunteers, you can read the scenarios.

**Transition:** So, let's talk about how you can start building good credit and the roadblocks can you encounter while building credit history.



## Ways to Establish Your Own Credit History and Score

If you are under 21, ask a family member with good credit to add you as an authorized user on their credit card.

- Pick someone you trust. If they don't pay the bill, your credit history will be impacted.
- Once removed from the card, your credit score will drop slightly if you do not open your own card.

Other options:

- Apply for a store credit card and use it responsibly.
- Apply for a secured credit card at your bank or credit union.
- Ask a friend or relative with an established credit history to be a co-signer on a credit card or loan.

## Common Mistakes That Hurt Your Credit



Too many credit cards



Opening too many new accounts or loans in a short period of time



Not checking your credit report



Not notifying creditors when you move or change names



Not using your full legal name on financial documents (esp. if other people in your family have the same name!)

## Things That Boost Your Credit Score



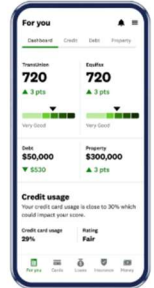
## Ways to Monitor Your Credit Score

When building credit, be sure to check your progress.

Financial institutions  
Creditkarma.com

3 Credit Bureaus

- Experian.com
- Equifax.com
- Transunion.com




## Discussion: Building Good Credit Tips and Tricks

3 min

- Consider applying for a department store credit card, a credit card with a national issuer, or a small loan with your bank or credit union.
  - Department stores usually have lower credit limits and a higher annual percentage rate (APR) but they are generally more willing to lend you money. There's usually no annual fee for department store cards.
- Apply for a secured credit card. To help build your credit history, a secured card works like any other credit card, but requires a collateral account, in case you don't repay your debt.
  - Your credit line will directly reflect the amount of your collateral deposit. Some companies will evaluate your history and consider graduating you to an unsecured card if you meet their specific criteria.
- If you're 18 and have a full-time job with regular income, you are able to apply for a credit card or loan on your own.
- If you're under 21 and don't have regular full-time income, you will likely need a co-signer when applying for a loan or credit card.
  - A co-signer with an established credit history promises to repay the loan if you don't. The lender should report the payment history on both of your credit records.
  - The co-signer is taking a risk because how you repay the loan will be reflected on their credit report just as if they were the borrower instead of you.
  - You are taking a risk because if your co-signer uses the credit card and does not pay off their purchases, it will be reported on your credit report and you may be on the hook for their spending.
  - Choose your co-signer very carefully!! Don't let someone take advantage of you!

\*\*\*\*\*

 **Review the “Common Mistakes” and “Ways to Improve” slides. Let the students know that the information is available in the QR code.**

 **If you have time, you may want to use the “Common Mistakes” slide as an opportunity to talk about predatory lending.**

- Watch out for lenders that take advantage of vulnerable borrowers in order to make more profit.
- Predatory lending is the practice of convincing borrowers to agree to unfair and abusive loan terms.
- Although predatory lenders are most likely to target racial minorities and the elderly, victims of predatory lending are represented across all demographics.
- Predatory lending often occurs on loans backed by some kind of collateral, such as a car or house, so that if the borrower defaults on payment, the lender can profit by selling the repossessed or foreclosed property.

**Transition:** Let's review the best practices we learned in this lesson and see how to put them into action...



# Go Do It Now!

Financial Issue	Best Practices to Help Manage Money Responsibly	My Financial To Do List
Credit Cards	<input type="checkbox"/> When I have any type of credit card, I will only buy things I can afford to pay for in full at the time I make the purchase. <input type="checkbox"/> I understand that using my credit card to buy something that I will need to pay off for months or years will keep me in debt and result in me paying much more than the items I bought actually cost.	<i>Create your action plan!</i>
Credit Score	<input type="checkbox"/> I will pay all of my bills and any loan payments I have on time and in full. <input type="checkbox"/> When I have a credit card I will pay off the full balance each month on time. I will always pay more than the minimum required. <input type="checkbox"/> I will not apply for multiple credit cards in short periods of time.	
Credit Report	<input type="checkbox"/> I check my credit report at <a href="http://AnnualCreditReport.com">AnnualCreditReport.com</a> at least once each year. <i>(Only use this site! Others can scam you and make you pay for your report.)</i> <input type="checkbox"/> I will address any problems or inaccuracies I find on my credit reports with the credit reporting agencies.	
Building a Good Credit History	<input type="checkbox"/> I will consider the following when I am financially ready and responsible to help build a good credit history and score: <ul style="list-style-type: none"> <li>○ Applying for a store credit card and using for periodic purchases.</li> <li>○ Talking to my bank or credit union about opening a secure credit card.</li> <li>○ Talking to my bank about applying for a major credit card with a low credit limit and having a trustworthy co-signor age 21 or older apply with me. <b>(Remember, it is a joint account so if they use the card and don't pay off their purchases, it affects you.)</b></li> </ul>	



## Questions?



Join us on Facebook and Twitter!  
@wesecurefutures

Please complete the evaluation found in your student workbook.





## Activity: Financial Capability Checklist (Page 7)

2 min

### Review the Student Financial Capability Checklist.

- Explain that they can use this as a checklist for building strong financial behaviors.
- Challenge students to put all of the best practices in place to help manage their financial lives successfully.
- Remind students that there are more resources available to them by scanning the QR code in their workbook. That link will bring them to the SecureFutures website with information that corresponds to each Money Sense lesson.
- **ASK:** Which steps do you plan to take right away?

## Evaluations

3 min



### Have each student complete the evaluation found in their student workbook.

- Remind students to fill out the evaluations honestly and their feedback helps us continue to improve our programs.



### When students are finished, collect the evaluations.



*Please return the evaluations to SecureFutures after you have completed your entire program commitment. Feel free to use the prepaid material return label included with your materials.*

## Additional Stories, Examples & Notes

## Additional Stories, Examples & Notes



## *SecureFutures*

*SecureFutures empowers teenagers with the knowledge, tools, and mentoring for a lifetime of financial capability. Our engaging volunteers, dynamic schools, and generous supporters share a vision of stronger communities built by an investment in “money smart” teens.*

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