

## CAREER PREPAREDNESS

<b>Unit</b>	<b>Credit and Debit</b>	<b>Time on Task: 3 Hours/180 Minutes</b>
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<b>Course Content Standard(s)</b>	<p>20. Analyze advantages and disadvantages of using credit.</p> <p style="padding-left: 20px;">a. Analyze credit card offerings for the effect of using credit</p> <p style="padding-left: 40px;">Examples: annual percentage rate (APR), grace period, incentive buying, methods of calculating interest, fees.</p>
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*College and Career Readiness Standards  
(Teachers should select the appropriate grade span standard(s) as it pertains to reading and writing.)*

Reading Standards for Literacy in Science and Technical Subjects 6-12 <u>or</u> Reading Standards for Literacy in History/Social Studies 6-12	Writing Standards for Literacy in History/Social Studies, Science, and Technical Subjects 6-12	Standards for Mathematical Practice
2., 4. and 7.	1.c., 1.e. and 2.f.	1. and 5

<b>Learning Objective(s)</b>	<p>The student will:</p> <ol style="list-style-type: none"> <li>1. Analyze advantages and disadvantages of using credit</li> <li>2. Explain how credit can affect one’s personal finances?</li> </ol>
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<b>21<sup>st</sup> Century Competencies</b>	<input checked="" type="checkbox"/> Critical Thinking <input checked="" type="checkbox"/> Communication <input checked="" type="checkbox"/> Collaboration <input checked="" type="checkbox"/> Creativity           Source: Partnership for 21st Century Skills ( <a href="http://www.p21.org/">www.p21.org/</a> )
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<b>Essential Question(s)</b>	How do you use credit wisely?
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Content Knowledge	Suggested Instructional Activities	Suggested Materials, Equipment, and Technology Resources
I. Advantages and Disadvantages of Using Credit	Students read “The Siren Song of Borrowing”, NEFE	National Economic Foundation of Education,

<p>A. Advantages B. Disadvantages</p>	<p>Module 2: Borrowing: Use-Don't Abuse, page 4 and "How We Use Credit Is What's Good or Bad", pages 4-5.</p> <p>Discuss: Reasons to borrow money listed on page 4.</p> <p>Discuss: The concept of credit. Credit is a tool to buy something now and pay for it later.</p> <p>Discuss: Why do you think it is important to learn about credit?</p> <p>Students complete Activity 2.1: Borrowing Fitness Test, NEFE Module 2: Borrowing: Use-Don't Abuse, page 6.</p> <p>Based on their answers on the 'Borrowing Fitness Test', students write a paragraph describing how to be a responsible borrower.</p> <p>Assign students to groups. Provide each group with a copy of Handout 6.1: Advantages and Disadvantages of Credit and Handout 6.2: Student Answer Guide.</p> <p>In their groups, students discuss each statement and decide if the statement is an advantage or disadvantage of using credit. Using Handout 6.1, they write the statement in the appropriate box.</p> <p>Discuss: The advantages and disadvantages of using credit.</p>	<p>NEFE Module 2: Borrowing: Use-Don't Abuse, "The Siren Song of Borrowing", page 4 and "How we use credit is what's good or bad, pages 4-5 and "How We Use Credit Is What's Good or Bad," page 5</p> <p>National Economic Foundation of Education, NEFE Module 2: Borrowing: Use-Don't Abuse, Activity 2.1: Borrowing: Use-Don't Abuse, page 6</p> <p>It's Your Paycheck! The Federal Reserve Bank of St. Louis, Unit C: All About Credit, Handout 6:1: Advantages and Disadvantages of Credit, page C-8, and Handout 6.2: Student Answer Guide, page C-9</p> <p>It's Your Paycheck!, The Federal Reserve Bank of St. Louis, Unit C: All About Credit, Handout 6:10: Advantages and Disadvantages of Credit – Answer Key, page C-8, and Handout 6.2: Student Answer Guide, page C-9</p> <p><a href="http://www.THEMint.org">www.THEMint.org</a> Web site:</p> <ul style="list-style-type: none"> <li>• Advantages of Using Credit Cards</li> <li>• Disadvantages of Using Credit Cards</li> </ul>
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<p>II. Card Cards Effect on Personal Finance Credit Card Offerings</p>	<p>Students read “Dial ‘B’ for Borrow”, in NEFE Module 2: pages 18 and 19.</p> <p>Discuss: The four major options for borrowing money: revolving credit, installment credit, and service credit.</p> <p>Students read ”Stealing from Your Future Self”, on page 19 and “Know When to Say When”, on page 20 and complete Activity 2.7 Know the Limit, on page 20 in NEFE Module 2.</p> <p>Students Pair and Share to discuss reasons why people borrow money instead of paying cash. They respond to the Module 2: Borrowing: Use-Don’t Abuse, NEFE, “Reap the Rewards”, page 7.</p> <p>Discuss: Which rewards are smart use of financial resources and which rewards are not always a smart use of money.</p> <p>Students read “Meet Mariah and Jessie” in NEFE Module 2: Borrowing: Use-Don’t Abuse, page 3. After reading the passage, students complete Activity 2.2: What is the Reason? on page 8.</p> <p>Discuss: Student responses to questions in Activity 2.2.</p> <p>Discuss: The difference between instant gratification and unwillingness to give up something now in return for something later. Will having a credit card impact their ability to delay gratification? Have students make a case for or against getting a credit card.</p> <p>Students read “Credit Makes the World Go ‘Round”, on page 8, and “Hot-So-Fleeting Interest”, on page 9</p>	<p>NEFE Module 2: “Dial ‘B’ for Borrow”, pages 18 and 19</p> <p>NEFE Module 2: pages 18 and 19</p> <p>NEFE Module 2: “Stealing from Your Future Self”, pages 19 and 20, “Know When to Say When” Activity 2.7: Know When to Say When, page 20</p> <p>National Economic Foundation of Education, NEFE Module 2: Borrowing: Use-Don’t Abuse, “Reap the Rewards”, page 7</p> <p>National Economic Foundation of Education, NEFE Module 2: Meet Mariah and Jessie, page 3,” and “Activity 2.2: What is the Reason? on page 8</p> <p>NEFE Module 2</p> <p>NEFE Module 2: “Credit Makes the World Go ‘Round”, and “Hot-So-Fleeting Interest”, pages 8</p>

	<p>in NEFE Module 2.</p> <p>Students complete activities on ALEX lesson plan:</p> <p>Step 1: As a class, take the online <a href="#">Debt Calculator quiz</a> from TheMint.org. Use the questions and information gained from the quiz to discuss various types of interest (credit card interest, bank loan interest, interest gained). The "I paid how much?" quiz and the "Credit Card IQ" quiz can also be completed with the class to introduce the lesson. Discuss: The concepts of credit, principal, and interest.</p> <p>Students read “The Lifetime Laptop”, NEFE Module 2: page 12.</p> <p>Discuss: The concepts of annual percentage rate (APR), introductory APR, Fixed-interest rates, Adjustable or variable interest rates, and the importance of paying bills on time – increase in interest rate to a higher APR.</p> <p>Students read about simple interest in NEFE Module 2: page 10 and complete Activity 2.3: Simply Tell the Total, page 10.</p> <p>Students read about the amortization calculation formula in Module 2: pages 10-11 and complete Activity 2.4: What is the Average Payment, on page 11.</p> <p>Students read “Gotcha! Costs of Borrowing”, in NEFE Module 2: pages 14 and 15.</p> <p>Discuss: The differences in credit cards and loans using the chart in NEFE Module 2: pages 14 and 15.  <b>Credit:</b> No set payoff date, annual fee, cash-</p>	<p>and 9</p> <p>ALEX Lesson Plan: Credit Cards are “Interest” ing  <a href="http://www.alex.state.al.us">www.alex.state.al.us</a>  <a href="http://www.THEMint.org">www.THEMint.org</a></p> <p>NEFE Module 2: “The Lifetime Laptop”, page 12</p> <p>NEFE Module 2: page 13</p> <p>NEFE Module 2: Simply Tell the Total, page Activity 2.3</p> <p>NEFE Module 2: pages 10 and 11  Activity 2.4: What is the Average Payment, page 11</p> <p>NEFE Module 2: “Gotcha! Costs of Borrowing”, pages 14 and 15</p> <p>NEFE Module 2: pages 14 and 15  <a href="http://www.THEMint.org">www.THEMint.org</a> Website: Credit Card Facts</p>
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advance fee, over-the-limit fee/credit limit, grace period, setup fees, maintenance fees.

**Installment Loans:** loan term, origination fee, prepayment penalty, down payment, discount points.

Students complete activity on ALEX lesson plan:  
Step 2: Give students the credit card slogan quiz (see attached document) to introduce the project. This can either be displayed on the interactive whiteboard or distributed as a paper/pencil document.

Discuss with the class the basic terms most people look for when applying for a credit card (interest rate, annual fee, fixed or variable rate, etc.) Use the [Capital One website](#) to look at a comparison of credit cards offers, rewards, and rates.

Students complete activity on ALEX lesson plan:  
Step 3: Divide students into cooperative groups (2 or 3 students) to create their credit card company name, terms, and slogan. Students should use the poster paper and markers to create their card.

Students complete activity on ALEX lesson plan:  
Step 4: Groups will present their cards to the class. The oral presentation should include their company name, a display of their card, their slogan, and a brief description of their terms. Each group presentation should only last about 30-45 seconds.

Students complete activity on ALEX lesson plan:  
Step 5: Students will use magazines, newspaper ads, catalogues, and/or the Internet to go on a shopping spree using their credit card. Have students create a chart to record their purchases. The chart should

ALEX Lesson Plan: Credit Cards are “Interest” ing  
[www.alex.state.al.us](http://www.alex.state.al.us)

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	<p>include their name, the basic terms of their credit card, the name of the item(s) they purchased, and the cost for each item. Students should total their purchases at the conclusion of the shopping time. (You will want to give them a time limit for shopping 30-45 min.)</p> <p>Students complete activity on ALEX lesson plan: Step 6: Distribute "BILLS" to each student based on their credit card terms. Through a class discussion, have students identify the differences between their purchase total and the total on their bill. They should be able to identify/calculate the interest. Discuss the effects of paying the minimum payment every month. Work an example where one pays the minimum payment each month and compare the totals each month. Students should discover that it will take a lengthy period of time to pay off the credit card by just paying the minimum payment. Be sure to include in the discussion how the amount you owe each month is affected by the charges made each month.</p> <p>Students read "The Dark Side of Debt", in NEFE Module 2 on pages 16 and 17 and complete Activity 2-6: Good and Bad Credit.</p> <p>Students read "Be A Shrewd Borrower", NEFE Module 2: pages 21-23 and complete Challenge 2-A: Decide the Best Deal for You.</p> <p>Students develop a brochure on "Costs of Credit". Students share brochures with class.</p>	<p>ALEX Lesson Plan: Credit Cards are "Interest" ing  <a href="http://www.alex.state.al.us">www.alex.state.al.us</a>  Sample credit card bills</p> <p>NEFE Module 2: "The Dark Side of Debt", pages 16 &amp; 17  Activity 2-6: Good and Bad Credit</p> <p>NEFE Module 2: "Be A Shrewd Borrower", and Challenge 2-A: Decide the Best Deal for You pages 21-23</p> <p>Guidelines for developing brochure</p>
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<b>Assessment of Learning</b>	<b>Formative Assessments (AQTS 2.8)</b>	<b>Summative Assessments (AQTS 2.9)</b>
	<ul style="list-style-type: none"> <li>• Activity 2.1: Borrowing Fitness Test</li> <li>• Activity 2.7: Know the Limit</li> <li>• Activity 2.2: What is the Reason</li> <li>• Activity 2.3: Simply Tell the Total</li> <li>• Activity 2.4: What is the Average Payment</li> <li>• Activity 2-6: Good and Bad Credit</li> </ul>	<ul style="list-style-type: none"> <li>• Credit Card Project Presentation</li> <li>• Challenge 2-A: Decide the Best Deal for You</li> </ul>

<b>Sample Career Options</b>	Credit Manager, Personal Financial Planner, Loan Office, Credit Department Supervisor
<b>Online Experience</b>	Does this lesson address the required online experience? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, please indicate length of time in minutes. <a href="#">Click here to enter text.</a>
<b>Unit/Course CTSO Activity</b> <i>(if applicable)</i>	Chapter sponsors a workshop on “Credit and Teen Buying Behaviors”.

<b>Culminating Product</b>	Brochure on “Costs of Credit”.
<b>Course/Program Credential(s):</b> <input type="checkbox"/> Credential <input type="checkbox"/> Certificate <input type="checkbox"/> Other:	