

Financial Literacy: Credit

Media Type: DVD

Duration: 24 minutes

Goal: To identify the costs and various types of credit.

Description:

This production will teach students the basics of credit by identifying the components of credit, as well as the pros and cons of using credit. Students will learn the cost of credit, how to maintain creditworthiness, how to borrow at favorable terms, and how to manage debt. The steps of a credit card transaction are also discussed. The production then teaches the student to reconcile a monthly statement, step-by-step, as well as discusses the various fees one might incur during a billing cycle.

Objectives:

1. To identify the advantages and disadvantages of using credit.
2. To identify the components of credit.
3. To identify the costs of credit.
4. To identify factors determining or affecting interest rates.
5. To identify how to build good credit.
6. To identify how to reconcile a credit card statement.



Finance Career Cluster (FN)

| Cluster | Standard |
|---|---|
| | Utilize mathematical concepts, skills and problem solving to obtain necessary information for decision making in the finance industry. |
| | Utilize tools, strategies and systems to plan, monitor, manage and maintain the use of financial resources. |
| | Plan, monitor and manage day-to-day activities to ensure effective and efficient finance operations. |
| | Plan, manage and maintain the use of financial resources to protect solvency. |
| | Plan, organize and manage a finance organization/department. |
| | Plan, monitor and manage day-to-day activities required to sustain continued business functioning. |
| | Access, evaluate and disseminate financial information to enhance financial decision-making processes. |
| | Employ financial risk-management strategies and techniques used to minimize business loss. |
| Accounting Career Pathway (FN-ACT) | Describe and follow laws and regulations to manage accounting operations and transactions. |
| | Utilize accounting tools, strategies and systems to plan, monitor, manage and maintain the use of financial resources. |
| | Process, evaluate and disseminate financial information to assist business decision making. |
| | Utilize career-planning concepts, tools and strategies to explore, obtain and/or develop an accounting career. |
| Banking Services Career Pathway (FN-BNK) | Describe and follow laws and regulations to manage business operations and transactions in the banking services industry. |
| | Create and maintain positive, ongoing relationships with banking customers. |
| | Manage the use of financial resources to enhance banking performance. |
| | Demonstrate the use of banking technology and equipment. |
| | Plan, monitor and manage the day-to-day activities within a banking organization to ensure secure operations. |
| | Utilize career-planning concepts, tools and strategies to explore, obtain and/or develop a career in banking services. |
| | Determine client needs and wants and respond through planned, personalized communication to guide purchase decisions and enhance future business opportunities in banking services. |

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Finance Career Cluster (FN) continued

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| Business Finance Career Pathway (FN-BFN) | Describe and follow laws and regulations to manage business operations and transactions in corporate finance. |
| | Manage the use of financial resources to ensure business stability. |
| | Utilize career-planning concepts, tools and strategies to explore, obtain and/or develop in a corporate finance career. |
| | Employ risk-management strategies and techniques in corporate finance to minimize business loss. |
| Securities & Investments Career Pathway (FN-SEC) | Describe and follow laws and regulations to manage business operations and transactions in the securities and investments industry. |
| | Manage the use of financial resources to perform key duties in the securities and investments industry. |
| | Plan, monitor and manage day-to-day securities and investments operations. |
| | Utilize career-planning concepts, tools and strategies to explore, obtain and/or develop in a securities and investments career. |
| | Determine client needs and wants and respond through planned, personalized communication to guide purchase decisions and enhance future securities and investments opportunities. |

College & Career Readiness Anchor Standards for Writing

Writing Standards for Literacy in History/Social Studies & Technical Subjects

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|---|--|--|
| Text Types & Purposes | Write arguments to support claims in an analysis of substantive topics or texts, using valid reasoning and relevant and sufficient evidence. | |
| | Write informative/explanatory texts to examine and convey complex ideas and information clearly and accurately through the effective selection, organization, and analysis of content. | |
| | 9-12.1 | Write arguments focused on discipline-specific content. |
| | 9-12.2 | Write informative/explanatory texts, including the narration of historical events, scientific procedures/ experiments, or technical processes. |
| Production & Distribution of Writing | Produce clear and coherent writing in which the development, organization, and style are appropriate to task, purpose, and audience. | |
| | Develop and strengthen writing as needed by planning, revising, editing, rewriting, or trying a new approach. | |
| | Use technology, including the Internet, to produce and publish writing and to interact and collaborate with others. | |
| | 9-12.4 | Produce clear and coherent writing in which the development, organization, and style are appropriate to task, purpose, and audience. |
| | 9-12.5 | Develop and strengthen writing as needed by planning, revising, editing, rewriting, or trying a new approach, focusing on addressing what is most significant for a specific purpose and audience. |
| | 9-10.6 | Use technology, including the Internet, to produce, publish, and update individual or shared writing products, taking advantage of technology's capacity to link to other information and to display information flexibly and dynamically. |
| | 11-12.6 | Use technology, including the Internet, to produce, publish, and update individual or shared writing products in response to ongoing feedback, including new arguments or information. |

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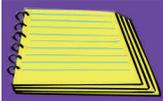
Common Core Standards

College & Career Readiness Anchor Standards for Reading

Reading Standards for Literacy in Science & Technical Subjects

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|---|----------------|---|
| Key Ideas & Details | | Read closely to determine what the text says explicitly and to make logical inferences from it; cite specific textual evidence when writing or speaking to support conclusions drawn from the text. |
| | | Determine central ideas or themes of a text and analyze their development; summarize the key supporting details and ideas. |
| | | Analyze how and why individuals, events, and ideas develop and interact over the course of a text. |
| | 9-10.1 | Cite specific textual evidence to support analysis of science and technical texts, attending to the precise details of explanations or descriptions. |
| | 9-10.2 | Determine the central ideas or conclusions of a text; trace the text's explanation or depiction of a complex process, phenomenon, or concept; provide an accurate summary of the text. |
| | 9-12.3 | Follow precisely a complex multistep procedure when carrying out experiments, taking measurements, or performing technical tasks, attending to special cases or exceptions defined in the text. |
| Integration of Knowledge & Ideas | 11-12.1 | Cite specific textual evidence to support analysis of science and technical texts, attending to important distinctions the author makes and to any gaps or inconsistencies in the account. |
| | 11-12.2 | Determine the central ideas or conclusions of a text; summarize complex concepts, processes, or information presented in a text by paraphrasing them in simpler but still accurate terms. |
| | | Integrate and evaluate content presented in diverse formats and media, including visually and quantitatively, as well as in words. |
| | | Delineate and evaluate the argument and specific claims in a text, including the validity of the reasoning as well as the relevance and sufficiency of the evidence. |
| | 9-10.7 | Translate quantitative or technical information expressed in words in a text into visual form and translate information expressed visually or mathematically into words. |
| | 9-10.8 | Assess the extent to which the reasoning and evidence in a text support the author's claim or a recommendation for solving a scientific or technical problem. |
| | 9-10.9 | Compare and contrast findings presented in a text to those from other sources, noting when the findings support or contradict previous explanations or accounts. |
| | 11-12.7 | Integrate and evaluate multiple sources of information presented in diverse formats and media in order to address a question or solve a problem. |
| | 11-12.8 | Evaluate the hypotheses, data, analysis, and conclusions in a science or technical text, verifying the data when possible and corroborating or challenging conclusions with other sources of information. |
| | 11-12.9 | Synthesize information from a range of sources into a coherent understanding of a process, phenomenon, or concept, resolving conflicting information when possible. |

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Lesson Plan

Class 1: Begin the class by distributing the *Financial Literacy: Credit Vocabulary Handout* and *Financial Literacy: Credit Student Worksheet* for students to use as reference materials during the lesson. Show *The Basics of Credit* segment of *Financial Literacy: Credit*. After completing the segment, continue to *The Basics of Credit Assessment*. Instruct students to answer the questions, then discuss the answers as a class.



7 min.

Class 2: Distribute the *Financial Literacy: Credit Crossword* for students to complete. Show *The Cost of Credit* segment of *Financial Literacy: Credit*. Students should continue to use the *Worksheet* and *Vocabulary Handout* as references. Continue to *The Cost of Credit Assessment* and discuss the answers as a class. After, distribute the *Being Financially Literate Activity* or *Scenarios of Credit Activity*.



10 min.

Class 3: Briefly review the previous days' material. Show the *Reading Your Credit Card Statement* segment of *Financial Literacy: Credit* as students follow along using the *Vocabulary Handout* and *Worksheet*. Continue to the *Reading Your Credit Card Statement Assessment*. Discuss answers as a class. Later, give instructions for the *Reconciling a Statement Activity*.



7 min.

Class 4: Allow students to use class time to complete the *Applying for a Credit Card Project*, *Credit Guidelines Project* or *Researching Credit Cards Project*.



Lesson Links

Federal Trade Commission

- <http://www.ftc.gov>

Creditcards.com

- <http://www.creditcards.com>

National Consumer Protection Week

- <http://www.consumer.gov>



Career & Technical Student Organizations

BPA

- Banking & Finance
 - ◇ Identify basic rules and procedures for handling cash
- Financial Math & Analysis
 - ◇ Perform financial computations related to payroll, interest and invoicing

DECA

- Financial Literacy Promotion Project
- Accounting Applications Series

FBLA

- Accounting I
- Accounting II



Career Connections

- iCEV50302, Aimee Dickrell, Collections & Accounting Clerk, NASCO
- iCEV50325, Cindy Read, C.P.A., CPA, RBMS,PC
- iCEV50515, TJ Hill, Credit Analyst, PlainsCapital Bank
- iCEV50351, Jacque Garcia, Financial Planner, Mass Mutual Financial Group

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Lab Activities

Being Financially Literate

Directions:

To be financially literate, students must understand terms associated with the topic, including credit. The *Being Financially Literate Activity* sheet lists a number of terms which students must match with the appropriate definition. *Being Financially Literate Activity Answer Key* is also provided.

Reconciling a Statement

Directions:

Understanding the process of reconciling a statement is pertinent to understanding credit. Students will be required to properly order the steps of reconciling a credit card statement according to those listed on the *Reconciling a Statement Activity* sheet. *Reconciling a Statement Activity Answer Key* is also provided.

Scenarios of Credit

Directions:

At times, students will be faced with situations dealing with credit which they may not have expected. It is best to be prepared for these situations and understand the terminology which describes them. Students will be given a number of scenarios concerning credit. The student will then decide which term best fits the scenario. *Scenarios of Credit Activity Answer Key* is also provided.



Projects

Applying for a Credit Card

Directions:

Students will consider each step of managing credit, from applying for credit to reconciling statements. They will write a three-page to five-page report containing information on the conveniences and pitfalls of using credit, factors affecting interest rates, ways to build good credit, the importance of reconciling a statement, how finance charges affect the cost of purchases, and their personal opinion on whether a credit card would be a good idea for them. All sources should be cited according to your instruction.

Credit Guidelines

Directions:

Divide the class into groups of three or four students. The groups should think of guidelines to follow when using credit. Using information from the production or research found in a library or online, the groups will develop a Microsoft® PowerPoint® presentation for the class. Encourage students to be creative, and instruct them to cite their sources. The presentation may focus on the positive or negative aspects of using credit, or a combination. Students should include any possible negative consequences or positive results of credit use. Each group's presentation should be about three minutes long.

Researching Credit Cards

Directions:

Instruct students to use the Internet to research at least three available credit cards. They may be cards offered by one company or cards offered by competing companies. Students should find information about the credit cards including the names of the company and card, card type (traditional, reward, business, etc.), credit needed to be approved, APRs (intro, regular and default), annual fees, late fees, over-the-limit fees, credit limits, and any rewards. All of this information should be entered into a basic table for easy comparison. In addition, students should write a three- to four-page report on their findings. Students should also explain which of the three cards, if any, they would choose for themselves and why.