

CAREER PREPAREDNESS

Unit	Credit and Debt	Time on Task: 4 Hours/240 Minutes
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Course Content Standard(s)	<p>21. Examine why credit ratings and credit reports are important to consumers.</p> <ul style="list-style-type: none"> a. Explain ways of building and maintaining a good credit score. b. Determine the implication of entering into contracts and binding agreements. (e.g. college loans, cell phone contracts, car loans, Collateral loans, passbook loans, mortgages). c. Describe legal and illegal types of credit that carry high interest rates, including payday loans, rent-to-buy agreements, and loan-sharking. d. Assess the implications of bankruptcy, including Chapter 7, Chapter 11, and Chapter 13.
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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
1, 2, 4, 7	1c, 1e, 2b, 2f	1

Learning Objective(s)	<p>The student will:</p> <ol style="list-style-type: none"> 1. Evaluate and explain the purpose of a credit score. 2. Understand the elements of credit scores and what impacts them. 3. Discover the best way to maintain a high credit score. 4. Explain legal and illegal types of credit. 5. Explore major consumer credit laws. 6. Describe implications of entering into contracts and binding agreements. 7. Assess the implications of bankruptcy to one's financial status.
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21st Century Competencies	<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 (www.p21.org/)
Essential Question(s)	<p>What does it mean to be credit worthy? How can consumers use credit wisely?</p>	

How can consumers avoid bankruptcy?		
Content Knowledge	Suggested Instructional Activities	Suggested Materials, Equipment, and Technology Resources
<p>I. Credit Ratings A. Credit Score</p>	<p>Students discuss “What is Credit?”</p> <p>Students will discuss the differences between paying with cash, debit, credit, and checks; how does one get credit; and who provides credit?</p> <p>The teacher asks students if they have ever loaned money, clothes or even their car to a friend, and whether or not they expected to get the item back. The teacher will explain that loaning out money, clothes and cars are all examples of lending credit.</p> <p>Students discuss recent purchases and explain how individuals should make decisions about when to use credit.</p> <p>Students imagine that they are going to loan their brand new car to a stranger.</p> <ul style="list-style-type: none"> • What factors would they consider before letting someone borrow their car? • Would they consider age, gender, and religion, work history, driving record, language, education or income? <p>On the board students write a list of potential factors they identified in the activity above. They vote on whether each factor would affect their decision. Tally votes on the board.</p> <p>Students discuss factors that lenders use to determine whether or not a person is “creditworthy” and eligible for a loan. Students</p>	<p>Brochure: Take Control of My Credit Score</p> <p>National Endowment for Financial Education Module 2: “Borrowing: Use-Don’t Abuse,” on pages 23-29</p>

<p>B. Contracts</p>	<p>list five key factors that are considered when determining “creditworthiness”. Examples: <ul style="list-style-type: none"> • Payment history (whether or not you pay your bills on time). • Amount owed to current creditors (e.g., whether you have a car payment or a Balance on a store credit card). • Paid your bills on time (the better). • Types of credit used (e.g., car and mortgage payments are often viewed as “better” debt than consumer credit card debt). • Number of open accounts (lenders can be wary of borrowers with too much credit available). <p>Students break into groups of four and use the student activity sheet,” Spot the Credit Crisis” to discuss the scenarios on the activity sheet and determine how and why each scenario would impact their credit.</p> <p>Students should be prepared to justify their answers to the class. A volunteer from each group will share one scenario with the class and explain the impact that the scenario has on credit and “creditworthiness.”</p> <p>Students will discuss common factors that can be confusing when it comes to credit cards, including laws to protect consumers, after reading, “It’s More Than a Piece of Plastic.”</p> <p>Students will work with a partner to research and define each factor using the information at www.practicalmoneyskills.com/HS18.</p> </p>	<p>Spot the Credit Crisis</p> <p>It's More Than a Piece of Plastic</p> <p>www.practicalmoneyskills.com/HS18</p>
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<p>C. Types of Credit</p>	<p>Discuss: The implications of entering into a contract and binding agreements when acquiring goods and services.</p> <p>Working in groups of four, students are assigned a good or service that requires the consumer to enter into a contract and binding agreements. Examples: college loans, cell phone contracts, car loans, collateral loans, passbook loans, mortgages</p> <p>They download a contract/binding agreement that is required for purchasing the good or service for their particular product. They create a poster that alerts consumers to the implications that they should be aware of before entering into the agreement for purchasing the good or service. Groups share their posters with the class.</p> <p>Students play the game at www.celebritycalamity.com as a lesson to demonstrate why you should only buy things you can pay off.</p> <p>Students write 10 things in their notebooks they want to buy right now. Discuss wants versus needs. Have students share their list and discuss whether it is a want or need.</p> <p>Discuss: Legal and illegal types of credit.</p> <p>Students select a slip of paper with a type of credit written on the slip. They write a paragraph describing the type of credit and classify it as legal or illegal in nature. Students share their information with class.</p>	<p>Provide students with sample contracts of goods and services or have students to download a contract for their assignment</p> <p>Art Supplies</p> <p>Celebrity Calamity</p> <p>Lesson Plan 15, https://www.practicalmoneyskills.com</p> <p>Slips of paper with a type of credit written on the slip</p>
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<p>D. Bankruptcy</p>	<p>Discuss: Types of bankruptcy and causes using presentation software.</p> <p>Discuss the “Money Signs of Debt Trouble” questionnaire.</p> <p>Students complete the “Credit Crossroads” Activity. Discuss effects of credit on long term and short term goals.</p> <p>Students complete the “Debt Snowball” Activity. Explain scenarios and discuss.</p> <p>Students complete the “Debt Payment” Activity</p> <p>Pair students to complete “The True Cost of Credit: A Money Wi\$e Guessing Game” Activity. Follow with group discussion and explanation of answers and solutions.</p> <p>Students create a public service announcement for consumers about the wise use of credit. They will share their announcements with the class.</p>	<p>http://financeintheclassroom.org/downloads/Bankruptcy.pdf www.un.gov/dft/BANKRUPTCY.doc</p> <p>Presentation software</p> <p>http://www.consumer-action.org/modules/module_personal_bankruptcy</p> <p>http://financeintheclassroom.org/downloads/Bankruptcy.pdf</p> <p>Credit Crossroads Activity</p> <p>Debt Snowball Activity</p> <p>Finance in the Classroom, page 21</p> <p>The True Cost of Credit: A Money Wi\$e Guessing Game</p> <p>Guidelines for Public Service Announcement</p>
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Assessment of Learning	<p style="text-align: center;">Formative Assessments (AQTS 2.8)</p> <ul style="list-style-type: none"> • Spot the Credit Crisis Scenario • Credit Crossroads Activity • Debt Payment Activity • Debt Snowball Activity • Class Discussion • Class Participation 	<p style="text-align: center;">Summative Assessments (AQTS 2.9)</p> <ul style="list-style-type: none"> • Create a public service announcement for consumers about the wise use of credit.
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Sample Career Options	Financial Planner, Credit Manager, Credit Analyst, Collection Manager, Credit Collector, Loan Officer
Online Experience	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. Click here to enter text.
Unit/Course CTSO Activity <i>(if applicable)</i>	Members participate in CTSO personal finance competitive events.

Culminating Product	Create a public service announcement for consumers about the wise use of credit.
Course/Program Credential(s): <input type="checkbox"/> Credential <input type="checkbox"/> Certificate <input type="checkbox"/> Other:	