



FINANCIAL LITERACY 10.8

CREDIT OPTIONS & RESPONSIBLE BORROWING

Choose from the Suggested Resources below for ideas for formative activities to help your students meet the outcome for this module. Suggested Activities are provided for formative and summative assessment options.

OUTCOME

Analyze credit options and the importance of responsible borrowing.

INDICATORS

- Compare various options for purchasing items with payment plans (e.g., buy now, pay later [BNPL], rent to own) and without payment plans (cash price).
- Investigate interest rates, minimum payments and potential benefits for a variety of loans and credit cards.
- Identify ways for a young adult to access credit for the first time and build a credit score.
- Discuss credit scores and how they can impact future financial activities.
- Critique the statement “Credit is a great way to make purchases when you are short on cash or have low income.”
- Explain the difference between good debt and bad debt and why individuals need to respect debt.
- Discuss the concept of net worth and the impact of borrowing on net worth.

SUGGESTED RESOURCES

- It's a Money Thing** presents *Loan Options*: <https://www.youtube.com/watch?v=OpWTZse71bE>. This fun, animated introduction to loans contains lots of vocabulary. Ask students to note key terms. After watching the video, ensure everyone has a complete list and then define the terms. From there, your class can explore the terms in depth using the Suggested Resources that follow:
- Get Smarter About Money** provides definitions of “8 Borrowing options”: <https://www.getsmarteraboutmoney.ca/learning-path/managing-debt/8-borrowing-options/>
- Use the **FCAC's**
 - Credit card comparison tool*: <https://itools-ioutils.fcac-acfc.gc.ca/CCCT-OCCC/SearchFilter-eng.aspx>
 - Credit report and score basics*: <https://www.canada.ca/en/financial-consumer-agency/services/credit-reports-score/credit-report-score-basics.html>

4. **My Money Coach:**

- *What is a Credit Score & How is a Credit Score Calculated in Canada?* provides a thorough overview and helpful graphics: <https://www.mymoneycoach.ca/credit/check-credit-rating-report-score/what-is-a-credit-score>
- *Why Know Your Financial Net Worth:* <https://www.mymoneycoach.ca/blog/why-know-your-financial-net-worth>

5. **The Truth About Credit Scores in Canada** provides a great introduction to credit questions. Students should have an introduction to credit and scores in advance of watching. A viewing guide, or sporadic guidance from the teacher will help organize and break up content into manageable chunks: <https://www.youtube.com/watch?v=Ezgr6qC38BY>

6. **Practical Money Skills** has a unit dedicated to credit: <https://saskmoney.ca/wp-content/uploads/2020/10/resources/types-of-credit/Practical%20Money%20Skills%20About%20Credit.pdf>
7. **Money and Youth** provides an overview of credit: <https://saskmoney.ca/wp-content/uploads/2020/10/resources/types-of-credit/Money-and-Youth-Borrowing%20and%20Using%20Credit.pdf>
8. Explore payday loans with your students through Canada.ca: <https://www.canada.ca/en/financial-consumer-agency/services/loans/payday-loans.html>. This page contains graphics to help illustrate the risks associated with these loans.
9. Shady Sam (<https://shadysam.com/>) is a fun, interactive game where students play the role of a loan shark. Access the response sheet via SaskMoney.ca (<https://saskmoney.ca/wp-content/uploads/2020/10/resources/types-of-credit/Shady%20Sam%20-%20NGPF.pdf>)

SUGGESTED ACTIVITIES

1. Present the students a scenario where a person pays for everything with cash while another uses a credit card for all purchases. What are the pros and cons of each approach? How will what they learned affect their future spending choices?
2. Have students explore a specific credit card and calculate interest payments. Consider how only paying the minimum payment affects long-term financial goals.
3. Groups of students could choose a credit option to “sell” to their peers. Each group will present a product to their peers along with the potential benefits. Other students should consider questions they should ask to ensure they know all of the rewards and potential risks.
4. Ask students to create a product that will educate their peers about an important lesson they need to learn about credit. This could be a poster, a 30-second video, a short game, etc. View the **payatTention** project outline and resources: <https://saskmoney.ca/payattention/>.

For updated curriculum information, please visit the Government of Saskatchewan curriculum website.