MODULE 22A:
TYPES OF CREDIT

Choose from the Suggested Activities below to find activities to help your students meet the outcome for this module from the Saskatchewan Financial Literacy 20/30 curriculum.

All resources for this module's activities can be found on saskmoney.ca.

OUTCOME

Investigate various types of credit and credit products available to individuals.

INDICATORS

a. Differentiate between credit and debt.

b. Differentiate among different types of credit including secured, unsecured, revolving and installment.

c. Identify characteristics, including the average annual interest rate, of various credit products such as:
   - credit cards;
   - lines of credit;
   - personal loans;
   - student loans;
   - student lines of credit;
   - mortgages;
   - home equity lines of credit;
   - payday loans;
   - leases;
   - credit card cash advances;
   - balance transfers;
   - consolidation loans; and,
   - balloon payment loans.

d. Describe situations when various credit products may be used and the resulting implications.

e. Justify the choice or rejection of one or more credit products for various scenarios (e.g., financing post-secondary education or training, buying a car and buying a computer).

f. Investigate how one's source of income (e.g., self-employment compared to employment) can affect one's access to credit.

g. Explore how family perspectives, culture, community influencers and personal experiences shape one's attitude towards credit.

OVERVIEW

Students should know the basics of borrowing so they can minimize costs of credit over their lifetime. If they start making good choices early, they can save themselves a lot of money over time. Understanding the importance of good credit and bad credit allows students to make better choices especially because keeping credit usage in check reduces stress.

PREREQUISITE

Modules 4, 5, and 20

SUGGESTED TIME

7–10 hours

RESOURCES

- **Online Tools:**
  - *It's Money Thing:* Loan Basics *(YouTube)*
  - PLEA *(Public Legal Education Association)*
  - Loans Canada
  - Get Smarter About Money
  - Is Buying Now and Paying Later too Good to be True? (*YouTube*)
  - FinCap Friday: Buy Now Pay Later (NGPF on *YouTube*)
- **Assignments and Activities:**
  - *Practical Money Skills:* About Credit Unit
  - *Finance in the Classroom:* Credit Card Comparison
  - *NGPF*—Shady Sam
  - Introduction to Credit and Loan Fundamentals slideshows
    - Types of Credit handout

ASSESSMENT

- Formative feedback on activities and discussion
- Summative assessment may occur with a quiz, with the jigsaw/research activity, and/or when combined with other Module 22 units

SUGGESTED ACTIVITIES

1. Introduction: **"It's Money Thing"** video is a good, basic introduction to types of loans. Students could take notes and follow the viewing with a discussion:
2. **Get Smarter About Money** Website. Have students access and review the article "8 Borrowing Options". Have them create a matching question with a separate answer key and then have them exchange with another student or keep for further reference or studying.

   Note: *Get Smart About Money* has many articles and calculators dealing with credit. Under the "Plan and Manage" tab—Managing Debt link.
3. **Practical Money Skills: About Credit** unit. This *Practical Money Skills* unit has several good activities to introduce students to understanding the impact of credit. Previewing the activities to discuss important vocabulary in advance of instruction is recommended.
4. **Finance in the Classroom: Credit Card Comparison research activity**. This is a good online research activity where students comb through the fine print of applications in order to find good credit options.

5. Have students research a different type of credit situation (see Indicator "c" for a list) and teach other groups in a jigsaw format.
   - The **Loans Canada** website is recommended as a research tool. Check out the links to relevant Canadina articles for almost every credit question or situation: Example—**10 questions to ask before you consider a payday loan**.
   - PLEA (Public Legal Education Association) has straight-forward Saskatchewan-specific information.Debts and Credit gives relevant information on a variety of topics for this module.
6. **NGPF—Shady Sam** is an interactive game students can play once they understand the loan and lending concepts. They are put in the role of loan shark and their goal is to make as much money as possible off of the borrowers. They then will see what lenders can manipulate to make more money.
7. The **Introduction to Credit Slides** provides an excellent overview of credit and debt and various products.
8. **Loan Fundamentals** is another good slideshow.
9. Read **Money and Youth**, Borrowing and Using Credit.
10. Have students complete the **Types of Credit** handout.
11. Watch **Is Buying now and Paying Later Too Good to be True?** (YouTube) and/or **FinCap Friday: Buy Now Pay Later** (NGPF on YouTube).

ADDITIONAL RESOURCES

1. **Bruce Sellery Podcasts**. Bruce Sellery can often be heard on CBC radio or being interviewed on TV. He is the author of *Moolala*—Money Made Simple. Teens and Credit Cards, Credit is a Game, and Credit Card Do's and Don'ts for Students are examples of episodes that would work with this module.
2. **NGPF**—also have a unit plan for **"Types of Credit"** *Note: it is American so needs to be previewed or adjusted when it differs in Canada.
3. **Credit Counselling Society of Canada** has two websites. **www.mymoneycoach.ca** (See Credit tab) and **www.nomoredebts.org**. Both sites have access to one-hour webinars that could be attended by teachers and/or students. One that would be good for this module would be "The Truth about Credit". Students could also look at the quiz ***Am I in Debt?***

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