



## MODULE 22D: OBTAINING AND MAINTAINING 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](http://saskmoney.ca).

### OUTCOME

Explore the process of obtaining credit including the role of down payments and credit calculations.

#### INDICATORS

- Explain how total debt service ratio (TDSR) impacts one's access to credit.
- Describe situations when a down payment for a purchase is required and when it is optional.
- Justify the choice of making an optional down payment for various scenarios.
- Perform credit calculations (e.g., monthly payments, total interest and time to pay balance in full) using various technologies including online tools.
- Assess why various credit products have different interest rates.
- Research the concept of right of offset and discuss ways to avoid an offset on one's bank account.
- Explain the 5 Cs (i.e., character, capacity, capital, collateral and conditions) of credit.
- Discuss how creditors use the 5 Cs to determine one's creditworthiness.

#### OVERVIEW

Knowing what is going to happen when going to a financial institution to apply for credit is going to relieve a lot of stress for first time credit seekers. Minimizing that stress and getting information and finances in the right order can save time and money. The overall cost of borrowing can be greatly reduced by increasing knowledge in this area.

#### PREREQUISITE

Module 22A

#### SUGGESTED TIME

7-10 hours

#### RESOURCES

- Slides and Activity:**
  - Understanding Auto Loans and Compare Auto Loans resources
- Online Tools:**
  - Money Laughs*
  - Marketplace* episode: How to buy a car without getting ripped off (via *YouTube*). Question sheet in *Resources*.
  - Credit Counselling Society of Canada* budget workbook
  - Finance in the Classroom: What Would You Do?* Activity
  - Canada Mortgage and Housing Corporation
  - Loans Canada

#### ASSESSMENT

- formative feedback on worksheets and discussion
- see Module 22B for a suggestion for a summative role-play activity if combining these modules

# SUGGESTED ACTIVITIES

1. Invite a financial institution representative to present to the class about how they approve clients for credit. Different financial institutions use different criteria for qualifications.
2. **Money Laughs**—Short funny money related videos created by *CREE* and *Just for Laughs*. Get the Credit you Deserve is good for a laugh and an introduction.
3. **Marketplace** episode regarding the dangers of Negative Equity when purchasing a vehicle. Accompany this with the question sheet in Resources.
4. *Credit Counselling Society of Canada* has two websites. **My Money Coach** has many resources to help teach about credit. Their budget workbook is in Resources.
5. **Make it Count** is an instructor's guide to Money Management with printable worksheets. It was created by the Manitoba Securities Commission and Credit Counselling Society. This booklet feels like it would be geared more towards middle years but general ideas for lessons could be updated for high school students.
6. **Finance in the Classroom** has multiple printable activities surrounding credit for all grade levels. **What would you do?** prompts might be used as a reflection or as an assignment once students understand the different aspects of obtaining and maintaining credit.
7. **Canada Mortgage and Housing Corporation:** Use the link to show how GDS and TDS are used in determining if one qualifies for a mortgage. Of course, this could be combined with Module 25 (Mortgages). **Loans Canada** also has good information on qualifying for a loan.
8. Different financial institutions use different credit criteria. Some use 5 C's of Credit while others use 3 or 7. Have students research different financial institutions and their criteria for approving a client for a loan, credit card or mortgage.
9. Making this unit practical by combining indicators with a module such as *28B Vehicles: Renting vs. Buying* could be beneficial for students. Using the **Understanding Car Loans** slideshow and **Compare Auto Loans** worksheet is an option.

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