

### Learning Objectives

Students will be able to

- Explain how to make good choices regarding the use and management of credit and debt
- Understand how credit is typically used in the US
- Calculate net worth
- State the difference between a credit report and score and why each is important

### Approximate Time

- Lesson length: 95 mins
- Comprehension Questions: 10 mins

### Jump\$tart Standards

Credit & Debit

- 1a: Compare the cost of borrowing by means of different consumer credit options
- 1i: Explain the effect of debt on a person’s net worth
- 2b: Explain the value of credit reports to borrowers and to lenders
- 2d: Identify the primary organizations that maintain and provide consumer credit reports

### Distribute to Students

- [Student Activity Packet 4.1](#)

### Plan Your Unit

- [Unit Plan for Managing Credit](#)
- [Managing Credit on www.ngpf.org](#)



## LESSON PLAN

	Resources	Questions	Est. Time
1	<a href="#">DISCUSSION PROMPTS</a>	<b>Discussion Prompts</b> Discuss these questions with your classmates or with a partner. <ol style="list-style-type: none"> <li>1. What are some “good” reasons for using your credit card to make a purchase?</li> <li>2. What are some examples of “bad” reasons to use credit?</li> </ol>	5 mins
2	VIDEO (3:33) <ul style="list-style-type: none"> <li>• <a href="#">Prepare to Make Borrowing Decisions</a></li> <li>• Publisher: Bank of America</li> </ul>	<b>Prepare to Make Borrowing Decisions</b> Once you have a credit card, you need to decide when and how to use it. Watch this video and record: <ol style="list-style-type: none"> <li>1. What 4 questions should you ask yourself before using credit to make a purchase?</li> <li>2. What is the relationship between an emergency fund and credit/loans?</li> </ol>	6 mins
3	ARTICLE <ul style="list-style-type: none"> <li>• <a href="#">How to Build Good Credit in College</a></li> <li>• Publisher: The Simple Dollar</li> </ul>	<b>How to Build Good Credit in College</b> The previous video discussed a benefit of building good credit while you’re young. Many people get their first credit card when they’re in college, but they don’t know how to manage it well. Skim through this article and write down the top 3 things you think are most important for a college student to do to build credit responsibly while they’re in school.	11 mins

4	<p>ACTIVITY</p> <ul style="list-style-type: none"> <li>• <a href="#">COMPARE: Making Credit Decisions</a></li> <li>• Publisher: NGPF</li> </ul>	<p><b>COMPARE: Making Credit Decisions</b></p> <p>Follow the directions on this worksheet in order to complete the activity.</p>	20 mins
5	<p>INTERACTIVE</p> <ul style="list-style-type: none"> <li>• <a href="#">Community Credit: Inclusion Map</a></li> <li>• Publisher: Federal Reserve Bank of New York</li> </ul>	<p><b>Community Credit: Inclusion Map</b></p> <p>Have you ever wondered how pervasive credit usage is in the United States? Use this interactive map to answer the questions in your student activity packet.</p>	8 mins
6	<p>ACTIVITY</p> <ul style="list-style-type: none"> <li>• <a href="#">ANALYZE: Household Debt and Credit Report</a></li> <li>• Publisher: NGPF</li> </ul>	<p><b>ANALYZE: Household Debt and Credit Report</b></p> <p>Let's take a closer look at how Americans are using credit. Follow the directions on this worksheet in order to complete the activity.</p>	20 mins
7	<p>VIDEO (0:00 - 2:48)</p> <ul style="list-style-type: none"> <li>• <a href="#">How to Calculate Your Net Worth</a></li> <li>• Publisher: Preet Banerjee</li> </ul>	<p><b>How to Calculate Your Net Worth</b></p> <p>Now that you've seen how people use credit to finance purchases, watch this video to learn how debt impacts their net worth.</p> <ol style="list-style-type: none"> <li>1. Explain how debt impacts a person's net worth.</li> <li>2. Give three examples of specific things Jeremy (from the video) could do to increase his net worth by next year.</li> <li>3. Why might it be important to track your net worth?</li> </ol>	5 mins
8	<p>VIDEO (2:39)</p> <ul style="list-style-type: none"> <li>• <a href="#">Difference Between a Credit Report and Score</a></li> <li>• Publisher: Clean Slate Credit Solutions</li> </ul>	<p><b>Difference Between a Credit Report and Score</b></p> <p>With so many Americans using credit (and with some of them late on their payments!), it's important to understand the difference between a credit report and score. Watch and answer:</p> <ol style="list-style-type: none"> <li>1. What types of information would be included on a credit report?</li> <li>2. What is a credit score?</li> <li>3. What role do the 3 credit bureaus play in your credit history and score?</li> </ol>	5 mins
9	<p>ARTICLE</p> <ul style="list-style-type: none"> <li>• <a href="#">9 Benefits of Having Good Credit</a></li> <li>• Publisher: The Balance</li> </ul>	<p><b>9 Benefits of Having a Good Credit Score</b></p> <p>Now that you know a bit more about managing your credit wisely, why is it so important? Read this article and then explain, in your own words, why it's so important to maintain a good credit report and score.</p>	10 mins
10	<p><a href="#">EXIT TICKET</a></p> <ul style="list-style-type: none"> <li>❖ <b>Teacher Tip:</b> To administer this Exit Ticket using Google Forms, make your <a href="#">own copy here</a>.</li> </ul>	<p><b>Exit Ticket</b></p> <ol style="list-style-type: none"> <li>1. Name three people or businesses who might request to see your credit history.</li> <li>2. What are two ways you could gain access to credit, even if you're under 21?</li> <li>3. What is the advantage of starting a credit history when you're young?</li> </ol>	5 mins



## COMPREHENSION QUESTIONS 4.1

Teachers, you can access the Comprehension Questions (a 10-question quiz) by clicking “View Course Assessments” on the [NGPF Full Year Course page](#).



## EXTEND THE LEARNING

### DO MORE...

#### INTERACTIVE

- [Quizlet Cashcabulary | Managing Credit](#)
- Publisher: NGPF

#### FINCAP FRIDAY

- [How to Get Extra Credit](#)
- Publisher: NGPF

### LEARN MORE...

#### ARTICLE

- [Cartoons: Why Do Credit Scores Matter?](#)
- Publisher: NGPF

#### AUDIO CLIP (3:28)

- [Why consumer credit is a matter of “social trust”](#)
- Publisher: Marketplace.org

#### INFOGRAPHIC

- [The History of Consumer Credit in One Giant Infographic](#)
- Publisher: VisualCapitalist

### FAST FACTS...

- Average credit score for 18-24 year olds using TransRisk metric (similar to FICO) was 638. Why? Short credit history, lack of credit accounts and early mishaps probably each contribute to this low score.
- Only 42 percent of Americans know their credit score despite its importance in lending, employment and rental decisions (ABA study, 2013).
- 47 percent of employers check applicants’ credit history as an indicator of their employability, according to 2012 survey by the Society for Human Resource Management.