

My Credit contains 21 current activities to help your students learn to use credit wisely. The activities are divided into the following four categories:

- Using Credit
- Credit Cards
- Loans
- Buyer Beware

Each activity includes one to four reproducible student pages and a teacher's key with answers, suggestions and step-by-step math solutions where appropriate.

Listed below and on the following pages are brief descriptions of each activity to help you choose those you wish to use.

My Credit also includes a student assessment to help you judge what your students have learned about credit.

Activity Descriptions

Category 1: Using Credit

Your Credit Score

Students will read an explanation of what a credit score is and how they are determined. They will calculate the costs of a car loan and a home loan based on different credit scores so they understand its importance to them.

Where To Borrow

Students are presented with three different credit situations including Bob who wants to buy a motorcycle, Juanita who wants a new laptop and printer and the Haverlands who want to buy a house. For each situation, they will decide which of five credit sources could be used and explain what is good and bad about each source.

Before You Sign On The Dotted Line

Students will play the role of a blogger on the website Consumer Corner. They will write ten things a borrower should do "before you sign on the dotted line" and commit to a loan.

TwentySomething Debt

Students will read a series of facts about twentysomething debts and write an explanation of how they can prepare themselves to be on their own and avoid the same pitfalls.

Lights, Camera, Action

Students will play the role of a staff writer for the TV series "On Our Own". They will outline an upcoming episode about two characters dealing with their personal debts and credit choices.

Ask Andy

Students will play the role of a staff writer for Andy Lendman who publishes a syndicated column giving advice about personal finance. They will write answers to three personal finance questions sent in by readers.

Category 2: Credit Cards**The Credit Card Act of 2009**

Students will read the highlights of what the new legislation does for consumers. They will answer a series of questions related to the new law. They will choose the answers to 14 questions about the current use of credit cards in the United States from a list of answers that is provided.

Credit Card Debt (1970-2009)

Students will create a graph illustrating the growth in credit card debt in the United States from 1970-2009. They will calculate the percentage change in credit card debt every five years from 1970-2009.

Credit Card Math

Students will first answer a series of questions based on the information provided in a July credit card statement. They will then calculate the financial information for the August, September and October credit card statements including each month's average daily balance, finance charge and new balance.

Do You Take Cards

For 12 different financial situations, students will determine if it is acceptable or not to use a credit card. They will explain when they personally would use a credit card rather than a debit card or cash.

Don't Be Jeff

Students will read the true story of how Jeff found himself in serious credit card debt. They will explain who they believe was at fault and why. They will also explain what they think Jeff needs to do to repair his credit.

It's Your Money

Students will play the role of a writer on the PBS educational series "It's Your Money". They will create a one-page outline for a thirty minute program about a young person who gets trapped in credit card debt. They will create a title, a list of characters, the setting and the plot.

How To Control Your Credit Cards

Students will play the role of a blogger on the website Consumer Corner. They will write 10 helpful hints to help consumers control their credit cards.

Category 3: Loans**Donna's New Car**

Students will calculate the total of payments and the finance charge on car loans with terms of 36 months, 48 months, 60 months and 72 months. They will complete the monthly payment schedule for the first four months of Donna's loan including the monthly unpaid balance, monthly interest payment and monthly principal payment. They will also answer related questions.

Long Term Car Loans

Students will evaluate a survey of the lengths of car loans and answer related questions. They will calculate the total of payments on car loans with terms of from 2 to 9 years at both 5% and 10% interest.

First Time Buyers

Students will do a series of calculations to determine the costs of financing an \$80,000 starter home with a 30-year fixed-rate mortgage at 5% interest. They will also complete the first five months of the payment schedule including the monthly unpaid balance, monthly interest payment and monthly principal payment.

How To Shop Smart For A Loan

Students will play the role of a blogger for the website Consumer Corner and write a series of helpful hints about how to shop smart for a loan.

Retail Installment Contracts

Students will use a description of how retail installment contracts work to design a poster illustrating the process.

Category 4: Buyer Beware

Payday Loans

Students will read a description of how payday loans work and read the true story of Bob Mathews who found himself trapped in a payday loan cycle. Students will write an explanation of what they believe Bob should do to break his debt cycle.

Rent-To-Own Stores

Students will read a short description of how rent-to-own stores work. They will write an argument for or against rent-to-own stores from the point of view of a representative of the rent-to-own industry or a consumer advocate.

Subprime Credit Cards

Students will read a description of subprime credit cards. They will write an argument supporting why they believe these credit cards should be legal or illegal.



Like your social security number, your credit score will follow you throughout your life. It will determine whether or not you can get a credit card or a loan and what interest rate you'll be charged.

The chart on the right explains where your credit score comes from.

Here are two real-life examples of how your credit score can affect the interest rate you are charged. And keep in mind that low credit scores mean you won't get the loan from your bank and you will have to go to a very expensive credit source such as a finance company or sub-prime mortgage lender.

1. *Tanya wants to buy a late model used car and she needs to borrow \$8,000 to make the purchase. The rate her bank will charge depends on her FICO credit score as well as the term of the loan. The table below lists her bank's monthly payments for the loan based on four different terms and three categories of FICO scores. Complete the table.*

2. *Based on your table, how much would Tanya save by having the best credit score and the shortest loan term compared to the worst credit score and the longest term?*

\$ _____

3. *Alex and Karen Robertson want to buy their first home. They hope to borrow \$100,000 with a fixed-rate mortgage. The rate their bank will charge depends on their FICO credit scores and the term of the loan. The table lists the monthly mortgage payments based on three different terms and three categories of FICO scores. Complete the table.*

4. *Assuming they use a 30-year mortgage, how much will Alex and Karen save by having a credit score of 740 rather than 680?*

\$ _____

What is a credit bureau?

A credit bureau is a business that collects credit, employment and personal information about individuals and sells that information to creditors.

What are the three major credit bureaus?

TransUnion, Experian and Equifax

What is a credit score?

It is a number calculated by inputting your credit bureau information into either software leased from the Fair Isaac Corporation (the FICO Score) or from inputting that information into software developed jointly by the three major credit bureaus (The VantageScore). The VantageScore was introduced in 2006 to compete with the FICO Score.

What is a good or bad credit score?

VantageScore uses this range:

901-990 = A (Best)

801-900 = B

701-800 = C

601-700 = D

501-600 = F (Worst)

FICO uses this range:

751-850 = Excellent

700-750 = Very Good

680-699 = Good

620-679 = Okay

580-619 = Borderline Risk

500-580 = Bad

Under 500 = Very Bad

Name:

Period:

Donna's New Car

Donna Hart graduated from South Suburban Community College with an associates degree in business and has begun her first full-time job. The office where she works is about twenty miles from her apartment. Since gas at times has cost as much as \$3.29 a gallon, she has decided to trade in her old car for a new small hybrid. She's going to finance the car at her bank with a \$15,500 car loan. The loan officer explained that she could take up to 72 months to repay the loan and that the finance charge would be based on an interest rate of .75% a month on the unpaid balance.



1. Complete the following chart to see what her total of payments and finance charge will be if she takes 3, 4, 5 or 6 years to repay the loan.

Term of the Loan	Monthly Payments	Total of Payments	Finance Charge
36 Months	\$492.90		
48 Months	\$385.65		
60 Months	\$321.76		
72 Months	\$279.40		

The total of payments equals the monthly payment multiplied by the number of payments.

The finance charge equals the total of payments minus the amount financed.

2. Donna decided on a four year loan with monthly payments of \$385.65. The first four months of her payment schedule is shown below. Complete the payment schedule. Round all amounts to the nearest cent. Month 1 is done for you as an example.

Payment Schedule	Unpaid Balance	Interest Payment	Principal Payment
Month 1	\$15,500.00	\$116.25	\$269.40
Month 2	\$15,230.60		
Month 3			
Month 4			

Each month her payment is divided between an interest payment and a principal payment. The interest payment is calculated by multiplying the unpaid balance by the monthly interest rate (.75%). The remainder of her payment is applied against the principal.

3. What is the annual percentage rate Donna is paying for the loan? _____%

4. What is the advantage of using a short term loan rather than a longer term loan?

5. What is the advantage of using a long term rather than a shorter term loan?

6. Other than her bank, where else could Donna get the money to buy her new car?

Name: _____

Period: _____