

PERSONAL FINANCE LESSON PLAN

LESSON TITLE: "To Charge, or Not to Charge"

You are a freshman in college on your way to the cafeteria with a friend and you are stopped by a young man with a credit card booth. He says you can have a free t-shirt and a credit card! You look at your friend, unsure of what to do. You have heard that building credit is a good thing, but are you ready for a credit card?

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Econ/Personal Finance Standards:

Achievement Standard: Analyze factors that affect the choice of credit, the cost of credit, and the legal aspects of using credit
Determine the advantages and disadvantages of using credit
Analyze credit card features and their impact on personal financial planning



Key Concepts:

Credit Card
Annual Fee
Credit Check
Credit Limit
Overdraft Protection
Grace Period
Cash Advance

Introduction: In this lesson, students will write a short essay that describes how credit cards work and how to use them to an advantage - and how to not let them hurt a person's financial future.

Resources:

- [Personal Financial Literacy](#), Pearson Education, Inc./Prentice-Hall Publishing, 2010 ©. Jeff Madura, Mike Casey, Sherry J. Roberts, authors. Chapter 11, Pages 200-210.
- Explanation of positives of student credit cards as well as negative. Includes link to statistics of college students with credit cards.

<http://www.collegeparents.org/members/resources/articles/college-students-and-credit-cards-%E2%80%93-helping-your-college-student-make-wis>

<http://www.collegeparents.org/members/resources/articles/college-students-and-credit-cards-%E2%80%93-some-statistics>

Process:

1. Use the book Personal Financial Literacy to introduce credit cards to the students (pages 200-210).
 - a. Stress the importance of keeping credit cards under control (page 208-210)
 - b. Key points/Definitions:
 - i. Credit Cards - Provide individuals with revolving open-end credit, which can be drawn from repeatedly up to some preset limit
 - ii. Credit check - access your credit report to examine credit history
 1. Can negatively affect credit score
 - iii. Credit Limit - maximum that can be borrowed on the card
 - iv. Overdraft Protection - clients can go over the assigned credit limit (with high fees involved)
 - v. Annual Fee - fee charged to be able to use a card
 - vi. Grace Period - time allowed by credit card company in which no interest is charged
 - vii. Cash Advance - use credit to access cash (high interest rate)
2. Review website statistics (<http://www.collegeparents.org/members/resources/articles/college-students-and-credit-cards-%E2%80%93-some-statistics>) with students so they fully understand the negatives and the facts surrounding credit card usage.

Conclusion: Review all terms. Use student discussion to answer, "*Are credit cards a good thing for college students?*"

Assessment Activity: Students are to complete the essential question activities on page 217 by doing the following:

You are a freshman in college on your way to the cafeteria with a friend and you are stopped by a young man with a credit card booth set up. He says you can have a free t-shirt and a credit card! You look at your friend, unsure of what to do. You have heard that building credit is a good thing, but are you ready for a credit card?

Students are to write a one page essay regarding this situation. Students must explain the different types of credit, features that are advantageous, and how to use credit cards properly. Students will also answer the question: "Are they ready for a credit card?"

Extension Activity: Students are to interview a college student, young adult or parent regarding their credit card choices. Was there anything the person regretted? What did they do right? Any advice they would give?