

Lesson Plan

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| Lesson Title/Description: Credit Conundrum – A Look at Efficient Credit Use. | |
| Time Allotted for this Lesson: 55 minutes | |
| <p>Goals (i.e. Oregon financial literacy standards) HS.36. Identify sources of credit and the advantages and disadvantages of using them and explain the significance of developing a positive credit rating and describe the advantages it can provide, the inherent cost of maintaining a credit card balance, and the risk of accumulating too much debt, identifying "good debt" versus "bad debt."</p> | <p>Objectives (What do they need to learn and how will you know if they learned it):</p> <ol style="list-style-type: none"> 1. Given a list of expenses and income in a prospective budget, students will determine which items to pay for with credit by writing a point of support for the items that are appropriate. 2. After selecting items to pay for with credit from a list of expenses, students will address how interest plays a role in their decisions by writing a paragraph that explains the trouble one can get into with three specific examples. |
| <p>Biz Kids Episode: if only a small clip (or clips), include the beginning and end of time segments used. Biz Kids Episode #205 disk</p> | |
| <p>Materials/Equipment/Supplies/Technology/Preparation:</p> <p>Biz Kids Episode #205 disk clip 17:30-21:18; Budget Worksheet; Student Notebooks Fake Money, Apples, Pastries, Ipod, Juiceboxes, Ipad, Trip to Washington voucher</p> | |
| <p>Procedures: Step-by-step process explaining what will occur during the lesson (i.e. hook/attention-getter, student activities, etc.)</p> | |
| 5 min | <p>Anticipatory Set: As students walk in, the teacher will hand them a fake stack of 5\$ and a paper credit card. Students will then select from a table with various items on it what they can afford to buy. Apples, pastries, and juiceboxes are all 5\$, but the Ipod, Ipad, and Trip to Washington are all 500\$, which is the limit of their paper credit card. As students choose their items, the teacher lets them keep each item when they get it, but during discussion of who bought what, the teacher repossesses the items bought on credit citing that the students couldn't pay it off and now their debt has doubled due to interest.</p> |
| 10min | <p>Main Lesson: The teacher will give students a budget worksheet with real-life expenses and their income, with a credit card included. Students will list what they would pay for with credit or cash, as well as what they wouldn't buy at all.</p> |
| 5min | <p>Following this, the teacher will ask students to compare with a group of 4-6 who paid for what and ask each group what was a common purchase on a credit card. Students will be asked to explain why they would use credit in that situation.</p> |

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| 5min | The teacher will then show the clip from BizKids #205 about appropriate credit use and interest effects. Students will watch and take notes. |
| 5min | Students will then be asked to fill in their sheet a second time using the knowledge they have from the video now. Teacher will ask for students to provide some changes they made to their budgets with the credit information. |
| 20min | Teacher will then introduce three different types of credit: a car loan, a student loan, and financing from an electronics store. Students will be given a principal balance, interest rate, and length of repayment period for each type. After they figure out how much each month's minimum payment will be, students will write a paragraph about pros and cons of each of the three purchases. |
| 5min | <p>Closing: Teacher will reiterate to students that credit is not bad, but how they use it can have an impact down the road. Students will ask any questions they have.</p> |
| <p>Assessment/determining proficiency: Students' proficiency will be determined by the second entry on the worksheet and the paragraph about credit use.</p> | |

Balance Your Budget

With the values provided for your income, expenses and credit limit, identify which items you would pay for out of your pocket, charge onto a credit card, or decide not to purchase. You will identify your choices by writing "income", "credit", or "No purchase" in the blank spot and give a reason as to why you chose the payment method you did.

Monthly Income – \$1,000 | Credit Card Available Balance - \$1,500 | Financial Aid Loan - \$4,000

| Monthly Expense | Payment Method | Why? |
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| Netflix Account \$15 | | |
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| Car Insurance \$90 | | |
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| Groceries \$150 | | |
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| Rent \$500 | | |
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| Movie Tickets for Date Night \$20 | | |
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| New TV \$600 | | |
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| School Tuition Cost \$4,000 | | |
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| Gas for Car \$60 | | |
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| Electricity/Water/Garbage \$120 | | |
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