FALL 2023

Pathway to Financial Success
In Schools

Unit 6 Educator Guide

Using Credit Wisely

HIGH SCHOOL

Contents

Unit Overview

Unit 6: Using Credit Wisely provides students with the background and understanding needed to develop creditworthiness and make sound credit decisions over time. The unit begins with an introduction to what credit is, different types of credit, and how it impacts them. Students then consider when credit should be used and when it ought to be avoided. Next, students learn about credit reports and the information they include. Students then learn about credit scores, including what they are based on and how they are used. The unit concludes with an exploration of various options for paying off debt and avoiding debt-related scams.

Below are the five topics in this unit:

1. Understanding Credit
2. Deciding When to Use Credit
3. Checking Your Credit Report
4. Improving Your Credit Score
5. Managing Debt

As with all units in the Pathway to Financial Success in Schools high school program, each topic has an associated self-paced module. There are also several classroom activities, a family connection, and interactive student capture sheets. Each resource is described in further detail on the pages that follow.

To see how this unit fits into the entire Pathway to Financial Success in Schools program, download the High School Program Educator Guide.

When teaching this unit, be sure to consider your students' ages and backgrounds. Since the implementation of the Credit Card Accountability Responsibility and Disclosure Act of 2009 (or CARD Act), it is harder for individuals under the age of 21 to establish credit. In most cases, high-school-age students will be unable to get a loan or credit card without the help of a parent, guardian, or other older adult. Students are also likely to come from households that have an array of opinions on the use of credit. Some may avoid using credit altogether while others may regularly use (or even abuse) credit.

Finally, be aware that credit—in particular credit reports—can be a sensitive subject in some families. In particular, some young victims of identity theft find that their information was acquired and used by relatives. This is often done out of perceived necessity rather than malice—particularly when families face foreclosure, the loss of utilities, etc. The Federal Trade Commission recommends that teens begin checking for the existence of a credit report at age 16. Federal law requires case workers to assist students in foster care with checking their credit. If you have a student in foster care, consider speaking with them privately about this option.

Topics and Resources

Unit 1 All Topics	**Family Connection** **Helping Children Build Credit: What You Can Do** Families are encouraged to talk about the use of credit, credit scores, and credit reports with their teens. They are prompted to walk their child through a credit card statement, investigate ways for their child to build credit, and check their child's credit report once they turn 16. **Interactive Student Capture Sheets** **Using Credit Wisely** Students use this digital notetaker—either electronically or in print form—to take notes, respond to prompts, and access additional resources for the entire unit. The content reinforces the self-paced modules and concludes with unit wrap-up materials.
Topic 1	**Self-Paced Module** **Understanding Credit** Students examine three different types of credit: installment credit, revolving credit, and utility credit. **Classroom Activity** **When to Use or Not Use Credit** Students explore opinions about the use of credit from multiple perspectives using a jigsaw learning strategy. They use the knowledge they gain to form their own opinions about debt and the use of credit.
Topic 2	**Self-Paced Module** **Deciding When to Use Credit** Students consider whether using credit is good or bad and discover both benefits and tradeoffs of using credit.
Topic 3	**Self-Paced Module** **Checking Your Credit Report** Students learn what credit reports are, how to check them, and the importance of checking them regularly.
Topic 4	**Self-Paced Module** **Improving Your Credit Score** Students find out what factors influence a person's credit score and how to establish good credit. **Classroom Activity** **Who Gets the Loan?** After discussing what they already know about the loan application process, students consider their personal prospects for obtaining credit. Student "loan officers" evaluate the profiles of five individuals seeking car loans and make recommendations about which should receive loans.
Topic 5	**Self-Paced Module** **Managing Debt** Students explore potential consequences of debt and steps people can take to begin dealing with debt challenges. **Classroom Activity** **Snowball or Avalanche?** Students discuss reasons people find themselves in debt and then work in small groups to learn about two popular debt repayment methods: the snowball and avalanche methods. Students explore two scenarios and discuss why individuals might prefer one method over another.

Self-Paced Modules

This section provides strategies for incorporating the five self-paced modules from this unit into instruction along with tips for facilitating discussions before, during, and after each module. For a more general overview of what self-paced modules are, how they work, and the technology requirements for using them, please see the [Pathway to Financial Success High School Educator Program Guide].

Topic 1
Understanding Credit

[Launch the Module]

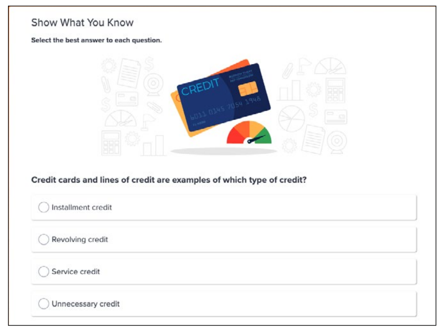
Overview

What is credit and are all forms of credit the same? In this module, students explore various types of credit and how they are used. Car and home loans are explored as examples of installment credit, and terms such as collateral and secured loans are introduced. Credit cards are discussed as examples of revolving credit. The module concludes with students learning about service credit which is granted by cell phone and utility companies. Similarities and differences between the three types are explored, and students are encouraged to understand the terms of any credit they choose to use in the future.

Key Learning Objectives

Students will be able to:

- provide examples of installment, revolving, and service credit.
- compare various forms of credit.
- explain what happens to collateral if a loan is unpaid.



Setting the Stage

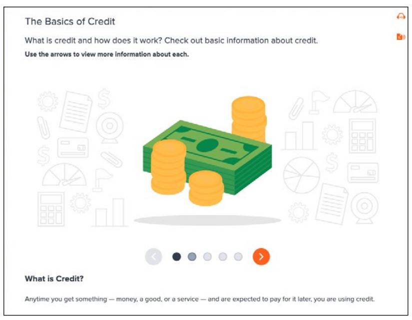
Before the module, engage students by discussing one or more of these questions:

- How would you describe how a credit card works to a child?
- What examples can you provide of people using credit or borrowing money?

Section-by-Section Educator Tips

- **Prepare:**
  - **Setup:** The module begins with a short animation which defines credit as the ability to get something now and pay for it later. Examples of different types of credit are provided, including credit cards, home and car loans, and agreements for cell phones and various utilities. Ask students if any of these surprise them. If needed, differentiate between cell phone contracts that are billed after being used and pre-paid plans. Why is one considered a form of credit while the other (pre-paid plans) are not?

- **Show What You Know:** The pre-test consists of three questions. Students have one opportunity to answer each question correctly. The correct answer is visible once an answer is submitted, and feedback is provided for both correct and incorrect answers. If using the module in a classroom setting, consider having students vote on answers or call on different students to provide ideas for each question before the students submit their answers.



- **Learn:**
  - **The Basics of Credit:** Students learn credit fundamentals, including what credit is and how people go about obtaining it. The minimum age to obtain credit is mentioned as being 18. Ask students if they think this is fair. Remind students that obtaining credit involves a contract between the lender and borrower and that with very few exceptions minors are not able to enter into contracts.
  - **How People Use Credit:** Through an animation, students discover that there are three main forms of credit: installment, revolving, and service. Reinforce the three types by reviewing an example of each one or describing a feature of one form and asking students to name the type. For example, which type of credit has a credit limit? (Answer: revolving) Which type has a set amount that is being borrowed? (Answer: installment) Can you name an example of service credit?
  - **Installment Credit:** Common terms associated with installment credit are presented. These include principal, fixed and variable interest rates, secured and unsecured loans, collateral, and prepayment penalties. Direct students to demonstrate their understanding of each term by using it in a sentence.
  - **Examples of Service Credit:** Internet service, trash pickup, water and sewer service, and cell phone agreements are offered as examples of service credit. Students are often surprised to discover that these are all forms of credit. Challenge students to explain why each is considered a form of credit. Do they think it is reasonable for a company to check a person's credit history before allowing them to set up utility service or get a monthly cell phone service?
  - **The Ups and Downs of Revolving Credit:** This section begins with the following: "Some people have strong feelings about the use of credit cards. Many people believe you should avoid them at all costs while others like to use them for convenience or to earn cash back or points for their purchases. Check out these ups and downs of credit cards and form your own opinion." Ask students about their thoughts on using credit cards. Are they good to use? Should they be avoided? Do their opinions land somewhere in between?

- **Reflect:**
  - Following a short wrap up, students are asked to rank how strongly they agree or disagree with the following statement: I can explain several different types of credit people might use. Did more students agree with the statement after completing the module than before? If students still disagree at the end, ask them what they still need to know in order to agree with the statement.

- **Challenge:**
  - There are five post-module challenge questions. Students are encouraged to review the information in each section, if needed, before beginning the challenge.
  - Students will encounter a variety of question types including matching, multiple choice, classification, true/false, and fill-in-the-blank.
  - For each question, students have two opportunities to answer correctly. Full credit is given for correct answers on the first try. If students answer incorrectly, they are given an opportunity to try again or skip and continue to the next question. No additional points are given to students who either do not retry the question or retry the question and still answer incorrectly. Partial credit is given to students who correctly answer a portion of a multi-part question or who give the correct answer on a second try. The total number of available points in this module's challenge section is 70.

Interactive Student Capture Sheets

The Unit 6 Interactive Student Capture Sheets contain prompts, reflection opportunities, graphic organizers, and more. They are provided in Google Slides and offer a way for students to capture their notes while progressing through each of the self-paced modules. Additionally, they can serve as a means of assessing student progress and comprehension. Below are the prompts included for this topic:

- The module's introduction mentions many examples of credit. Put them in order from those you are most familiar with going into the module to those that are least familiar to you: credit cards, home loans, car loans, student loans, business loans, and cell phone bills. (Slide 4)
- Fill in the blank in the statement: Credit is described in the introduction as "the ability to get something now and ________________." (Slide 4)
- List three examples of terms typically included in a credit agreement. (Slide 5)
- Answer the questions below based on the "Who Can Get Credit?" slide from the Basics of Credit section. (Slide 5)
  - When do you expect that you will be able to obtain credit? Explain your answer based not only on your age but also on when you expect to meet the other criteria.
  - Do you think the limits on who can get credit are fair? Explain.
- Corresponding to the module's animation, Common Types of Credit, students are asked to write a short story about the three types of credit using information from the video. If your school has access to the Discovery Education platform, you can assign a version of this activity within Studio. (Slide 6)
- Describe how each concept relates to credit: principal, fixed or variable interest rate, secured or unsecured, and prepayment penalty. (Slide 7)
- What type of credit do the terms above most commonly describe? (Slide 7)
- List as many examples of service credit as you can. Four are mentioned in the module. Can you think of more? (Slide 8)
- Some people have strong opinions about the use of credit cards or revolving credit. Fill in the table with some of the benefits and tradeoffs of using credit cards. (Slide 8)
- Where do YOU stand on the use of credit cards? Do you think it is a good idea, something to be avoided, or somewhere in between? Explain your thoughts. (Slide 8)
- Write a definition of each type of credit in your own words and list at least one question to ask yourself before using each type: installment, revolving, service or open. (Slide 9)
- Think about the three types of credit described in this module: installment, revolving, and service. Answer each question below. (Slide 10)
  - Which type of credit do you expect you will use first? Why?
  - Which credit type do you understand the best? Why?

- Which form of credit do you expect to use least or never use? Why?
- Consider the learning objectives for this module. How do you feel about each one after completing it? (Slide 10)
  - I am able to provide examples of installment, revolving, and service credit.
  - I can compare various forms of credit.
  - I can explain what happens to collateral if a loan is unpaid.

Extending the Module

Once students complete the module, consider one or more of these extension activities:

- Invite students to research how each form of credit (installment, revolving, and service or open) impacts a person's credit score.
- Direct students to investigate authorized users of credit cards. Challenge them to explain what they are and describe both a scenario in which becoming an authorized user of a credit card might benefit a teen and another scenario in which it may cause more harm than good.
- Encourage students to discuss credit with their families. The Helping Children Build Credit: What You Can Do Family Connection can be used as a springboard for conversations.
- Use the corresponding classroom activity, When to Use or Not Use Credit, in which students take on the role of a specific person with defined viewpoints about credit. Students are encouraged to consider how the assigned role would view a particular dilemma involving credit and defend the position from that point of view.

Standards Correlation

The following standards are addressed in this module.

National Standards for Personal Financial Education from the Council for Economic Education and Jump$tart Coalition for Personal Financial Literacy

- V. Managing Credit 4-2 When a person pays with credit, they have immediate use of purchased goods or services while agreeing to repay the lender in the future with interest.
- V. Managing Credit 8-1 Interest rates and fees vary by type of lender, type of credit, and market conditions.
- V. Managing Credit 12-2 Loans that are secured by collateral have lower interest rates than unsecured loans because they are less risky to lenders.
- V. Managing Credit 12-3 Monthly mortgage payments vary depending on the amount borrowed, the repayment period, and the interest rate, which can be fixed or adjustable. Loans that are secured by collateral have lower interest rates than unsecured loans because they are less risky to lenders.

National Standards for Business Education from the National Business Education Association

- Personal Finance VII.1.1 Explain when and why borrowing is used for the purchase of goods and services.
- Personal Finance VII.1.2 Describe the risks and responsibilities associated with using credit.
- Personal Finance VII.1.8 Define interest as a cost of credit and explain why it is charged.
- Personal Finance VII.1.9 Analyze credit card features and their impact on personal financial planning.
- Personal Finance VII.1.10 Explain how the amount of principal, the period of the loan, and the interest rate affect the amount of interest charged.
- Personal Finance VII.1.18 Analyze various sources and types of credit (e.g., short and long-term) and related costs.

Topic 2
Deciding When to Use Credit

[Launch the Module]

Overview

When should you use credit and when should you avoid it? In this module, students explore the question, "Is using credit good or bad?" The module begins with an introduction to credit and questions about the students' own financial goals. Students learn about various forms of credit along with both the benefits and tradeoffs of using credit. They learn what questions they should ask before using credit.

Key Learning Objectives

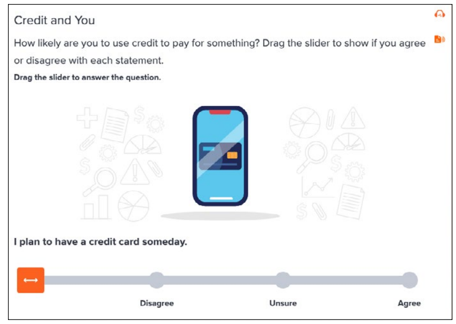
Students will be able to:

- identify forms of credit.
- explain both benefits and tradeoffs of using credit.
- list factors people should consider before using credit.

Setting the Stage

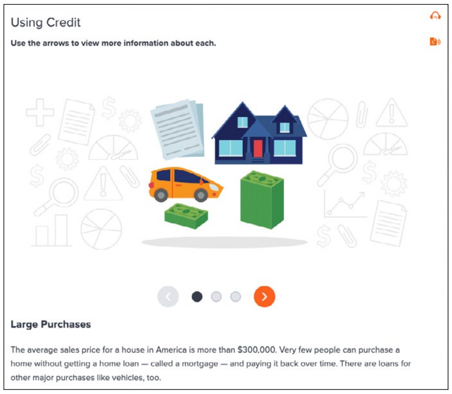
Before the module, engage students by discussing one or more of these questions:

- What forms of credit or borrowing are you familiar with, such as credit cards, car loans, mortgages, etc.?
- When do you think people should start using credit?
- What is an example of a good use of credit? A poor one?

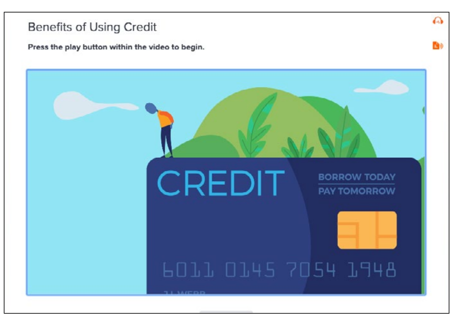


Section-by-Section Educator Tips

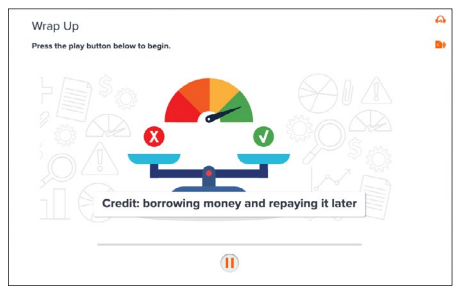
- **Prepare:**
    - **Setup:** The module begins with a short animation which clarifies which type of credit will be the focus of the module. The question is posed "Is using credit good or bad?" Invite students to answer and share the reason for their response.
    - **Credit and You:** Students are challenged to think about how they might use a credit card, a student loan, and a home loan. Compare student responses. Ask students what influenced their responses.
    - **Show What You Know:** The pre-test consists of three questions. Students have one opportunity to answer each question correctly. The correct answer is visible once an answer is submitted, and feedback is provided for both correct and incorrect answers. If using the module in a classroom setting, consider having students vote on answers or call on different students to provide ideas for each question before the students submit their answers.



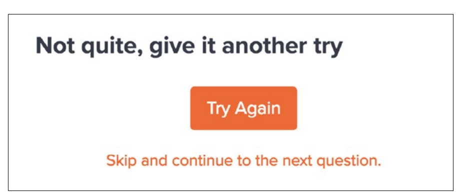
- **Learn:**
  - **Using Credit:** Students learn about potential uses for credit, including large purchases such as homes and higher education. Ask students if they think some uses of credit are better than others.
  - **Potential Credit Risks:** Students discover some of the potential consequences of using credit, including loss of collateral and paying more in interest and fees. Reinforce the concept of collateral with students and make sure students know which types of loan use collateral and which do not. Discuss how the potential loss of one's collateral can be used as an incentive to get people to pay back their debt.



  - **Benefits of Using Credit:** Through an animation, students explore potential benefits of using credit, such as how a good credit score can help people do things like get a job or rent an apartment. Challenge students to explain why they think people other than lenders (i.e., potential employers and landlords) would use a person's credit to make decisions.
  - **Use Credit?:** Students are given five situations and asked to sort each based on whether they would use credit, not use credit, or are unsure if they would use credit or not. Compare student responses. Challenge students to explain how they would personally weigh the benefits against the potential tradeoffs if they found themselves in one of these situations.
  - **Credit Questions:** Students advance through a series of cards with questions they should ask before using credit including, "What is the interest rate?" Ask students what other questions they might ask in addition to these. What will they do once they get those answers?



- **Reflect:**
  - Following a short wrap up, students are asked to rank how strongly they agree or disagree with the following statement: I understand the benefits and risks of using credit. Did more students agree with the statement after completing the module than before? If students still disagree at the end, ask them what they still need to know in order to agree with the statement.



- **Challenge:**
  - There are five post-module challenge questions. Students are encouraged to review the information in each section, if needed, before beginning the challenge.

- Students will encounter a variety of question types including matching, multiple choice, classification, and fill-in-the-blank.
- For each question, students have two opportunities to answer correctly. Full credit is given for correct answers on the first try. If students answer incorrectly, they are given an opportunity to try again or skip and continue to the next question. No additional points are given to students who either do not retry the question or retry the question and still answer incorrectly. Partial credit is given to students who correctly answer a portion of a multi-part question or who give the correct answer on a second try. The total number of available points in this module's challenge section is 50.

Interactive Student Capture Sheets

The Unit 6 Interactive Student Capture Sheets contain prompts, reflection opportunities, graphic organizers, and more. They are provided in Google Slides and offer a way for students to capture their notes while progressing through each of the self-paced modules. Additionally, they can serve as a means of assessing student progress and comprehension. Below are the prompts included for this topic:

- Is credit good or bad? Some people have strong feelings about this topic. Think about a time you heard someone discussing the use of financial credit (borrowing money in order to get something now and paying for it later, usually with interest). What was the context of the conversation? Did you get the impression that they view credit as positive, negative, or a bit of each? If you've never heard people discuss credit, why do you think that is? (Slide 12)
- How did you answer the questions in the Credit and You section? Put an X in the boxes that apply: disagree, unsure, agree. (Slide 12)
  - I plan to have a credit card someday.
  - I might need to borrow money to go to college.
  - I hope to own a home when I am older.
- Describe three reasons people might choose to use credit. (Slide 13)
- Using credit has risks. Fill in the graphic organizer with strategies you could use to avoid or minimize each potential risk. (Slide 13)
  - Borrowing Too Much
  - Spending More Money
  - Losing Your Collateral
  - Paying Interest and Fees
- Corresponding to the module's animation, Benefits of Using Credit, students are asked to write sentences corresponding to three images from the video and then describe how they might all relate. If your school has access to the Discovery Education platform, you can assign a version of this activity within Studio. (Slide 14)
- The Use Credit section offers five scenarios in which you might use credit. Select three to share your answer and then explain your reason for each. (Slide 15)
- Make a list of questions you should ask yourself before using credit. (Slide 15)
- Imagine you are about to use credit for the first time. A family member questions your choice. Write a paragraph (3–5 sentences) explaining your decision-making process and the reasons you have for using credit. If you do not plan to use credit in the future, focus your paragraph on the reasons you have for this decision instead. (Slide 16)
- Consider the learning objectives for this module. How do you feel about each one after completing it? (Slide 16)
  - I am able to identify forms of credit.
  - I can explain both benefits and tradeoffs of using credit.
  - I can list factors to consider before using credit.

Extending the Module

Once students complete the module, consider one or more of these extension activities:

- Challenge students to consider their financial futures. When do they expect they will first need to access credit? For what purpose do they plan to use it? Can they achieve their financial goals in life without using credit?
- The federal government requires some student loan borrowers to complete a short online counseling program when they take on a loan and also when they graduate or leave school. Pose the question, "Should borrowers for all types of loans be required to receive counseling before getting a loan?" to your students. Divide the class and invite groups to take and argue opposing viewpoints.
- Encourage students to discuss credit with their families. The Helping Children Build Credit: What You Can Do Family Connection can be used as a springboard for conversations.

Standards Correlation

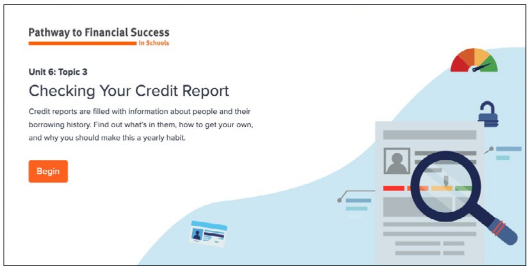
The following standards are addressed in this module.

National Standards for Personal Financial Education from the Council for Economic Education and Jump$tart Coalition for Personal Financial Literacy

- V. Managing Credit 4-1 Interest is the price a borrower pays for using someone else's money, and the income earned by the lender.
- V. Managing Credit 8-6 When people borrow money to invest in higher education or housing, the risks and costs may be outweighed by the future benefits.
- V. Managing Credit 8-7 Borrowing increases debt and can negatively affect a person's finances.
- V. Managing Credit 12-7 Lenders assess credit-worthiness of potential borrowers by consulting credit reports compiled by credit bureaus.
- V. Managing Credit 12-9 Credit reports and credit scores may be requested and used by entities other than lenders.

National Standards for Business Education from the National Business Education Association

- Personal Finance VII.1.3 Identify the opportunity cost of credit decisions.
- Personal Finance VII.1.5 Determine advantages and disadvantages of using credit.
- Personal Finance VII.1.8 Define interest as a cost of credit and explain why it is charged.
- Personal Finance VII.1.19 Select an appropriate form of credit for a particular buying decision.



Topic 3
Checking Your Credit Report

[Launch the Module]

Overview

What is a credit report and how do you know what's in yours? In this module, students learn what credit reports are, how to check them, and why they should develop a habit of checking their credit report regularly. The module begins with students considering how important credit might be in their futures. They learn that credit reports are summaries of their credit use that are compiled by companies called credit bureaus. Students discover that even young people can have credit reports due to identity theft. Ways that young people and adults can check their credit are explained. Students learn what information they can expect to find on a credit report, the steps they should take after obtaining a credit report, and how to limit access to their credit using tools such as credit freezes and fraud alerts.

Key Learning Objectives

Students will be able to:

- summarize what a credit report is and how it is used.
- name the three major credit reporting bureaus.
- identify information contained in credit reports.
- explain the importance of regularly checking one's own credit reports.

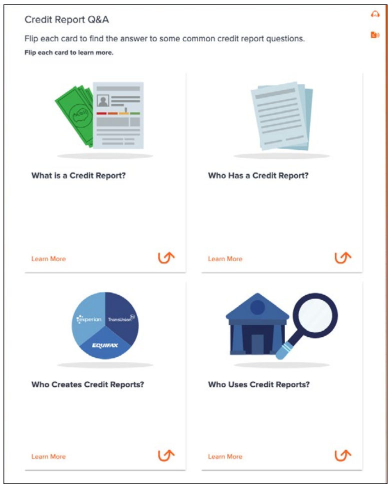
Setting the Stage

Before the module, engage students by discussing one or more of these questions:

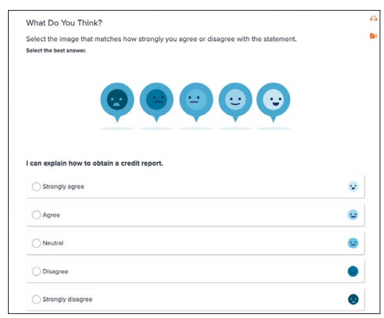
- What do you already know about credit reports?
- Who do you think has a credit report?
- What information would you expect to find on a person's credit report?

Section-by-Section Educator Tips

- **Prepare:**
  - **Setup:** The module begins with a short animation explaining what credit bureaus are and the credit reports they provide. Ask students what they already know about credit reports and what they are interested in learning.
  - **How Might You Use Credit?:** Students are asked to consider ways they might use credit in the future. Students receive different feedback based on their responses. Compare student responses, and ask students if they think the feedback they received was accurate.
  - **Show What You Know:** The pre-test consists of three questions. Students have one opportunity to answer each question correctly. The correct answer is visible once an answer is submitted, and feedback is provided for both correct and incorrect answers. If using the module in a classroom setting, consider having students vote on answers or call on different students to provide ideas for each question before the students submit their answers.



- **Learn:**
  - **Credit Report Q&A:** Students discover the answers to key questions about credit, including: What is a credit report? Who has a credit report? Who creates credit reports? Who uses credit reports? They learn that young people can have credit reports as the result of a mistake or because they are victims of identity theft. They also learn that credit reports are used by more than just landlords. Ask if any of these facts (or others) surprised them.
  - **Table of Contents:** Students explore the information commonly found in credit reports. Remind students that most adults will have a credit report from each of the three major bureaus and that the information can be different. For example, some lenders only report to one or two of the bureaus.
  - **How to Get Your Credit Report:** Through an animation, students learn that the Federal Trade Commission recommends that young people begin checking for credit reports at the age of 16—in time to catch mistakes or for signs of identity theft. They are encouraged to use AnnualCreditReport.com once they turn 18 and to check them annually. Ask if any students have checked to see if they have a credit report. Let students know that they can do so with the help of a parent before age 18 or on their own if they are older. Challenge students to follow up with their parents or guardians about this.
  - **Next Steps:** Students review the steps they should take once they obtain their credit reports. Ask if any students have a similar name as a family member. Let students know that Jr's, III's, etc. are often confused with their parents. If they find information from a relative with a similar name, it is often an error. Drive home the importance of checking for errors by letting students know that some reports estimate that as many as one third of individuals find errors on their reports, including inaccurate balances, accounts that don't belong to them, and more.
  - **Limit Access:** Students advance through a series of cards with ways people can manage their credit. These include fraud alerts, credit freezes, credit monitoring, and credit protection. Ask students if they think it would be a good idea to use one or more of these services when they have credit.



- **Reflect:**
  - Following a short wrap up, students are asked to rank how strongly they agree or disagree with the following statement: I can explain how to get a credit report. Did more students agree with the statement after completing the module than before? If students still disagree at the end, ask them what they still need to know in order to agree with the statement.

- **Challenge:**
    - There are five post-module challenge questions. Students are encouraged to review the information in each section, if needed, before beginning the challenge.
    - Students will encounter a variety of question types including matching, multiple choice, true or false, and fill-in-the-blank.
    - For each question, students have two opportunities to answer correctly. Full credit is given for correct answers on the first try. If students answer incorrectly, they are given an opportunity to try again or skip and continue to the next question. No additional points are given to students who either do not retry the question or retry the question and still answer incorrectly. Partial credit is given to students who correctly answer a portion of a multi-part question or who give the correct answer on a second try. The total number of available points in this module's challenge section is 70.

Interactive Student Capture Sheets

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- Credit reports compile detailed information about people's use of credit. How do you feel about companies—referred to as credit bureaus—gathering and storing this information? (Slide 18)
- Fill in the answer to each question about credit. (Slide 18)
    - What is a credit report?
    - Who has a credit report?
    - Who creates credit reports?
    - Who uses credit reports?
- There are three major credit bureaus. Name each and find its website. (Slide 19)
- Credit reports from each of the three major credit bureaus might look different, but they all have similar information. Fill in the graphic organizer with information you would expect to find in each section of a credit report. (Slide 19)
    - Personal Information
    - Credit Account Information
    - Inquiries
    - Bankruptcies and Collections
- Corresponding to the module's animation, How to Get Your Credit Score, students are asked to identify information they deem to be positive, negative, or interesting. If your school has access to the Discovery Education platform, you can assign a version of this activity within Studio. (Slide 20)
- It is a good idea to keep track of when you check your credit reports. The table below provides an example of one you could use—now or in the future. Make a copy of the table and share where you can access it in the future. (Slide 21)
- What steps should people take once they have obtained a copy of their credit report(s)? (Slide 22)
- Describe what each tool is and how it relates to credit reports: fraud alert, credit freeze, credit monitoring, credit protection. (Slide 22)
- What are you taking away from this module about credit reports, including how to access them, what they include, and how they are used? (Slide 23)
- Consider the learning objectives for this module. How do you feel about each one after completing it? (Slide 23)
    - I can summarize what a credit report is and how it is used.
    - I am able to name the three major credit bureaus.
    - I can identify information contained in credit reports.
    - I am confident explaining the importance of regularly checking my own credit reports.

Extending the Module

Once students complete the module, consider one or more of these extension activities:

- Invite students to research the differences in appearance between credit reports from the three major credit bureaus: Equifax, Experian, and TransUnion.
- Challenge students to create a social media campaign encouraging their peers to follow the advice of the Federal Trade Commission or FTC regarding checking for a credit report at age 16. Encourage them to explain how to obtain this information with the assistance of a parent, legal guardian, or case worker and why it matters for teens.
- Discuss ways that adults can be encouraged or reminded to check their credit on an annual basis. The module shares two ways to do this: checking reports from all three bureaus at once or spreading them out throughout the year. For example, a person might check their Equifax credit report every New Year, their Experian report around Memorial Day, and their TransUnion report near Halloween. What other scheduling or reminder system might work to make it memorable?
- Encourage students to discuss credit with their families. The Helping Children Build Credit: What You Can Do Family Connection can be used as a springboard for conversations.

Standards Correlation

The following standards are addressed in this module.

National Standards for Personal Financial Education from the Council for Economic Education and Jump$tart Coalition for Personal Financial Literacy

- V. Managing Credit 8-5 Lenders charge different interest rates based on borrower risk of nonpayment, which is commonly evaluated using information in the borrower's credit report.
- V. Managing Credit 12-7 Lenders assess credit-worthiness of potential borrowers by consulting credit reports compiled by credit bureaus.
- V. Managing Credit 12-9 Credit reports and credit scores may be requested and used by entities other than lenders.

National Standards for Business Education from the National Business Education Association

- Personal Finance VII.1.4 Identify methods of establishing and maintaining a good credit rating.
- Personal Finance VII.1.6 Describe the process to establish credit.
- Personal Finance VII.1.10 Explain how the amount of principal, the period of the loan, and the interest rate affect the amount of interest charged.
- Personal Finance VII.1.13 Explain the need for a sound credit rating.
- Personal Finance VII.1.21 Explain credit ratings and credit reports and describe why they are important to consumers.
- Personal Finance VII.1.22 Describe the relationship between a credit rating and the cost of credit.
- Personal Finance VII.1.24 Research rights and responsibilities of consumers according to credit legislation (e.g., truth-in-lending, fair credit reporting, equal credit opportunity, and fair debt collection).

Topic 4
Improving Your Credit Score

[Launch the Module]

Overview

How does a lender judge whether or not you will be a good borrower? What can you do to improve your credit score? In this module, students learn about the importance of having a good credit score. The module begins with students reflecting on their personal borrowing habits. They discover that credit scores impact more than just a person's ability to borrow money. Students learn about the factors that influence a person's credit and steps they can take to establish good credit.

Key Learning Objectives

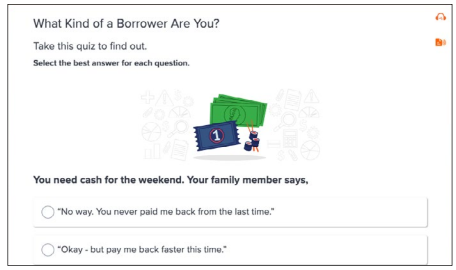
Students will be able to:

- explain what factors influence a person's credit score.
- develop a plan to build good credit.
- describe the impact poor credit can have on an individual.

Setting the Stage

Before the module, engage students by discussing one or more of these questions:

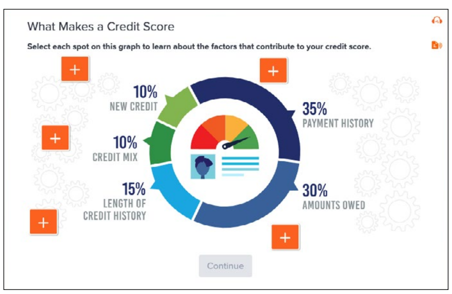
- What factors would influence your decision to let a friend or relative borrow money?
- Do you consider yourself to be a reliable borrower? Why or why not?
- Have you ever heard of a credit score? What do you know about how credit scores work and what they are used for?



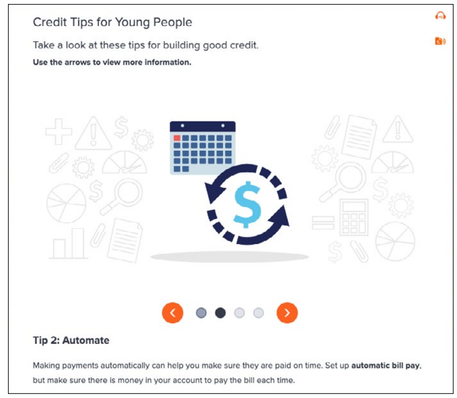
Section-by-Section Educator Tips

- **Prepare:**
  - **Setup:** The module begins by letting students know that a credit score is an indication of a person's borrowing habits. They find out that only adults should have credit scores but that their habits as a teen can impact their future score. Challenge students to identify current habits they might have which could impact their future credit score.
  - **What Kind of Borrower Are You?:** Students are asked a series of questions about their current habits. Based on their responses, they are classified as either a Trustworthy Borrower, Unpredictable Borrower, or Unreliable Borrower. Compare student results and ask students if they feel the description accurately reflects their borrowing habits.
  - **Show What You Know:** The pre-test consists of three questions. Students have one opportunity to answer each question correctly. The correct answer is visible once an answer is submitted, and feedback is provided for both correct and incorrect answers. If using the module in a classroom setting, consider having students vote on answers or call on different students to provide ideas for each question before the students submit their answers.

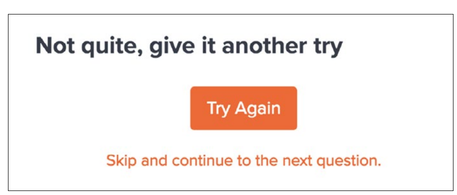
- **Learn:**
  - **Understanding Credit Scores:** Through a short video, students learn about the three main credit reporting agencies, that credit scores are based on information in a person's credit reports, that higher scores are better, and that credit scores can be used by more than just lenders. Invite students to retell what they learned in the video to a partner. What information was new to them and what did they already know?



  - **What Makes a Credit Score:** Students explore a circle graph showing the factors that contribute to a person's credit score and the weight each has. Discuss why students might think payment history and the amount a person owes count more than credit mix and new credit. Ask students why they think length of credit history matters.
  - **Credit Pays Off:** Students meet Makayla and Caleb. They discover the impact having a worse credit score has on Caleb. Ask students if they think most people realize the ongoing impact having a poor credit score can have on their finances. Challenge students to consider what could be done to make credit scores and their impact more understood by consumers.



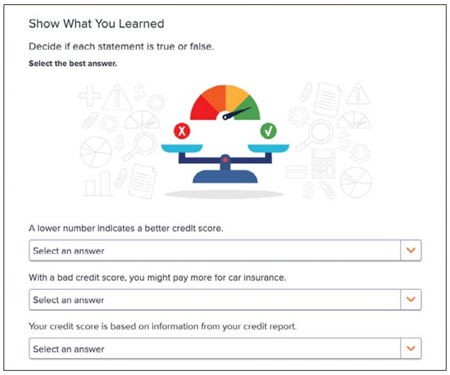
  - **Credit Tips for Young People:** In this section, students learn ways to improve a person's credit including automating payments and using a secured credit card. With two of the options (becoming an authorized user and automating payments), tradeoffs are presented. Ask students how they would weigh the potential benefits with these tradeoffs or considerations.
  - **Your Credit Plans:** Students sort things they can do into two categories: improve or try. Challenge students to consider what steps they will need to take in order to improve the things they selected. For example, how might they do a better job of keeping track of items they borrow?
- **Reflect:**
  - Following a short wrap up, students are asked to rank how strongly they agree or disagree with the following statement: I know what it takes to have a good credit score. Did more students agree with the statement after completing the module than before? If students still disagree at the end, ask them what they still need to know in order to agree with the statement.



- **Challenge:**
  - There are five post-module challenge questions. Students are encouraged to review

the information in each section, if needed, before beginning the challenge.

- Students will encounter a variety of question types including matching, multiple choice, classification, drop down, and fill-in-the-blank.



- For each question, students have two opportunities to answer correctly. Full credit is given for correct answers on the first try. If students answer incorrectly, they are given an opportunity to try again or skip and continue to the next question. No additional points are given to students who either do not retry the question or retry the question and still answer incorrectly. Partial credit is given to students who correctly answer a portion of a multi-part question or who give the correct answer on a second try. The total number of available points in this module's post-test is 60.

Interactive Student Capture Sheets

The Unit 6 Interactive Student Capture Sheets contain prompts, reflection opportunities, graphic organizers, and more. They are provided in Google Slides and offer a way for students to capture their notes while progressing through each of the self-paced modules. Additionally, they can serve as a means of assessing student progress and comprehension. Below are the prompts included for this topic:

- How would you describe your current borrowing habits? Do you think they are good, or could they use some improvement? Explain. (Slide 25)
- When it comes to credit scores, what do you already know? What do you want to know? Complete the first two columns now. Come back when the module is done, and share what you learned. (Slide 25)
- Corresponding to the module's animation, Understanding Credit Scores, students are asked to identify key details and then write a paragraph (3-4 sentences) summarizing the content of the video. If your school has access to the Discovery Education platform, you can assign a version of this activity within Studio. (Slide 26)
- Label the pie chart below with the factors that contribute to your credit score. Fill in the name of each factor and write a brief description or provide examples. (Slide 27)
- Which factor would each of the following influence? (Slide 27)
  - Your student loan being paid late
  - Applying for a new credit card to save 15% on a purchase
  - Paying off a loan ahead of schedule
- Using the Credit Pays Off section, compare and contrast the approach Makayla and Caleb each took to using credit. (Slide 28)
  - When did they establish credit?
  - Do they pay their bills on time?
  - What impact has credit had on how much they pay for their home?
  - What impact has credit had on what they pay for a car?
  - Who pays less each year and by how much?
  - What can people learn from this example?
- Make a list of tips for building good credit. (Slide 29)
- Which of these actions do you anticipate trying to take? What steps might you take to accomplish them? (Slide 29)
  - Keep track of things I borrow
  - Talk to my parents about establishing credit
  - Set up reminders for due dates
  - Find out if I can become an authorized user

- See if I can apply for a credit builder loan

- Based on what you learned in the module, do you believe it is important for you to establish good credit in the future? Explain. (Slide 30)
- Consider the learning objectives for this module. How do you feel about each one after completing it? (Slide 30)
  - I am able to explain what factors influence a person's credit score.
  - I can develop a plan to build good credit.
  - I can describe the impact poor credit could have on myself or another individual.

Extending the Module

Once students complete the module, consider one or more of these extension activities:

- Use the Who Gets the Loan? Classroom Activity in which students evaluate the profiles of five individuals seeking car loans and make recommendations about who should receive loans.
- Invite students to try a credit score simulator such as those available from FICO, or TransUnion and/or use more than one and compare what they found.
- Challenge students to research the similarities and differences between the FICO Score and the Vantage Score.
- Information on average credit scores by age, state, and other factors is available online. Invite students to compare the average credit score of people in your state to those in others. What conclusions can they draw from this information and other credit statistics?

Standards Correlation

The following standards are addressed in this module.

National Standards for Personal Financial Education from the Council for Economic Education and Jump$tart Coalition for Personal Financial Literacy

- V. Managing Credit 12-8 A credit score is a numeric rating that assesses a person's credit risk based on information in their credit report.
- V. Managing Credit 12-9 Credit reports and credit scores may be requested and used by entities other than lenders.

National Standards for Business Education from the National Business Education Association

- Personal Finance VII.1.11 Explain why the interest rate varies with the amount of assumed risk.
- Personal Finance VII.1.13 Explain the need for a sound credit rating.
- Personal Finance VII.1.16 Describe how to improve one's credit score.
- Personal Finance VII.1.22 Describe the relationship between a credit rating and the cost of credit.

Topic 5
Managing Debt

[Launch the Module]

Overview

What can you do to pay off debt and avoid scams? In this module, students learn strategies for managing debt. The module begins with an introduction to three characters and their debt management plans. Students select which plan they think will work best. Students then learn about potential consequences of debt and steps people can take to begin dealing with debt challenges. Several debt management strategies are explored, and students learn about scams they should try to avoid.

Key Learning Objectives

Students will be able to:

- explain strategies people can use to pay off debt.
- give examples of debt-repayment scams.
- describe what can happen to people who accumulate too much debt or fail to repay it.

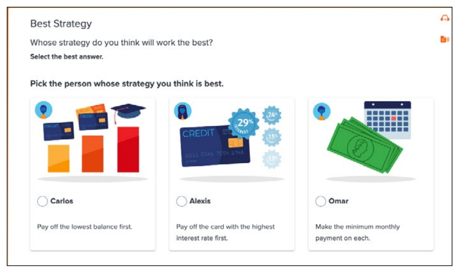
Setting the Stage

Before the module, engage students by discussing one or more of these questions:

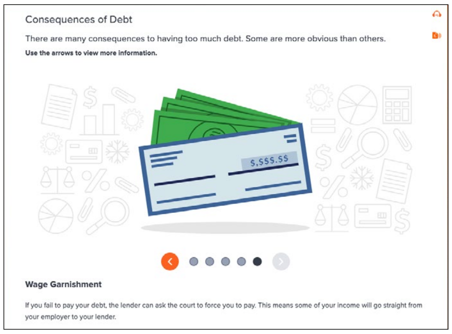
- How much debt do you think it is okay to have?
- Are some debts better to have than others?
- How would you know if you've accumulated too much debt?

Section-by-Section Educator Tips

- **Prepare:**
  - **Setup:** The module begins with the situations of three characters: Carlos, Alexis, and Omar. All three want to pay off debt they have on multiple credit accounts. Each person has a different approach. Make sure students understand what the introduction is explaining. If needed, reinforce the meaning of key vocabulary including lower balance, highest interest rate, and minimum monthly payment.

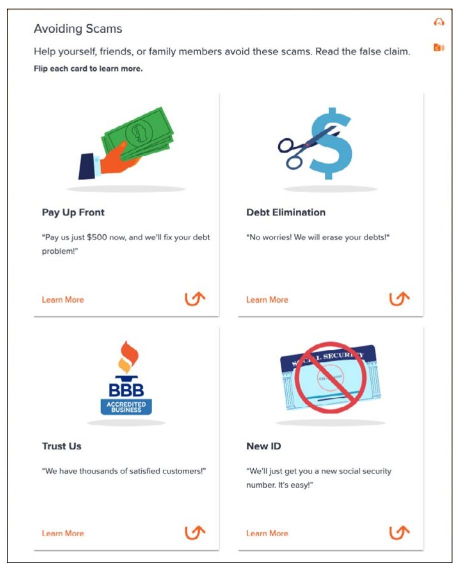


  - **Best Strategy:** Students are asked to decide which character's strategy is best. As they will come to learn in the module, each approach has benefits and tradeoffs which they will come to understand more as they progress through the module. For now, compare and discuss student responses and their rationales.
  - **Show What You Know:** The pre-test consists of three questions. Students have one opportunity to answer each question correctly. The correct answer is visible once an answer is submitted, and feedback is provided for both correct and incorrect answers. If using the module in a classroom setting, consider having students vote on answers or call on different students to provide ideas for each question before the students submit their answers.

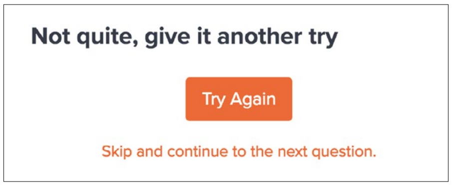


- **Learn:**
  - **Consequences of Debt:** Students advance through a series of images and learn about potential consequences of debt, like increased stress, having wages garnished, and losing collateral. Challenge students to consider which of these consequences are more immediate and/or universal than others.
  - **Paying Down Debt:** Students learn steps they can take to pay down debt. The steps begin with simple strategies such as making sure you know all of the debts you have, current balances, and the interest owed. Students are also encouraged to create a budget and set a goal for reducing debt. Ask students which step they believe would be most challenging to accomplish. For many, it might be the step in which they stop adding to their debt. Discuss ways that people can make this happen.

  - **Debt Repayment Strategies:** Through an animation, students learn about two methods of paying down debt: the avalanche and snowball methods. Provide students with several examples to reinforce the concept. Each example should offer two or more debts with different interest rates and balances.
  - **More Methods to Handle Debt:** Additional ways to deal with debt are explained, including balance transfers and debt consolidation. Poll students to see if they have ever heard of any of these methods. Challenge students to consider at what point they would need to be at, financially, to seek assistance with their debt. Invite students to consider whether understanding options for handling debt might make them more likely to avoid it in the first place.
  - **Avoiding Scams:** Students flip a set of cards to explore four signs of debt reduction scams. Ask students if they have ever seen or heard an ad that promises to erase a person's debts. Remind them that when an advertisement makes claims that seem too good to be true, they often are.



- **Reflect:**
  - Following a short wrap up, students are asked to rank how strongly they agree or disagree with the following statement: I can explain different ways to manage debt. Did more students agree with the statement after completing the module than before? If students still disagree at the end, ask them what they still need to know in order to agree with the statement.



- **Challenge:**
  - There are five post-module challenge questions. Students are encouraged to review the information in each section, if needed, before beginning the challenge.
  - Students will encounter a variety of question types including classification, fill-in-the-blank, multiple choice, and matching.
  - For each question, students have two opportunities to answer correctly. Full credit is given for correct answers on the first try. If students answer incorrectly, they are given an opportunity to try again or skip and continue to the next question. No additional points are given to students who either do not retry the question or retry the question and still answer incorrectly. Partial credit is given to students who correctly answer a portion of a multi-part question or who give the correct answer on a second try. The total number of available points in this module's post-test is 70.

Interactive Student Capture Sheets

The Unit 6 Interactive Student Capture Sheets contain prompts, reflection opportunities, graphic organizers, and more. They are provided in Google Slides and offer a way for students to capture their notes while progressing through each of the self-paced modules. Additionally, they can serve as a means of assessing student progress and comprehension. Below are the prompts included for this topic:

- Summarize each person's debt challenges and repayment approach: Carlos, Alexis, and Omar. (Slide 32)
- Whose strategy do you think will work best and why? (Slide 32)
- Explain each potential consequence of debt. (Slide 33)
  - Cost Money
  - Lose Collateral
  - Increase Stress
  - Hurt Credit
  - Have Wages Garnished
- What steps can people take to pay down debt? (Slide 33)
- Corresponding to the module's animation, Debt Repayment Strategies, students are asked to list three interesting facts, share two reasons the information in the video is important, and write a one-sentence summary of what they learned. If your school has access to the Discovery Education platform, you can assign a version of this activity within Studio. (Slide 34)
- List at least one benefit and one tradeoff of each debt repayment strategy. (Slide 35)
  - Debt Avalanche Method
  - Debt Snowball Method
  - Balance Transfer
  - Debt Consolidation
  - Debt Management Plan
- Give an example of each type of scam's false claim and what people should know about it. (Slide 35)
  - Pay Up Front
  - Debt Elimination
  - Trust Us
  - New ID
- If you find yourself facing debt challenges some day, what key points from this module do you hope you will remember? (Slide 36)
- Consider the learning objectives for this module. How do you feel about each one after completing it? (Slide 36)
  - I can explain strategies for paying off debt.
  - I am able to give examples of debt-repayment scams.
  - I can describe potential consequences of accumulating more debt than I can afford or failing to pay it back.

Extending the Module

Once students complete the module, consider one or more of these extension activities:

- Use the Snowball or Avalanche? Classroom Activity to further explore the differences between the two strategies.
- Reach out to a local nonprofit credit counseling agency, such as those affiliated with the National Foundation for Credit Counseling, and request that a credit counselor speak to your class.
- Invite students to watch the PBS Two Cents video, Hacking Your Brain to Get Out Of Debt. This video shows why most people prefer the snowball method over the avalanche method of debt repayment.
- Direct students to consider the role the government plays in a person's ability to establish credit and accumulate debt. Challenge students to develop an argument for limiting or expanding the government's role.
- Dealing with debt can affect a person's mental and physical health. In extreme cases, people have been known to commit suicide rather than deal with their financial issues. Share this article from the Aspen Institute with students and facilitate a discussion about the impact debt can have on individuals. Challenge students to consider ways they can be proactive and avoid these problems for themselves as adults.

Standards Correlation

The following standards are addressed in this module.

National Standards for Personal Financial Education from the Council for Economic Education and Jump$tart Coalition for Personal Financial Literacy

- V. Managing Credit 4-3 Lenders are more likely to approve borrowers who do not have a lot of other debt and who have a history of paying back loans as promised.
- V. Managing Credit 8-4 Credit cards typically charge higher interest rates on balances due compared with rates on other types of loans.
- V. Managing Credit 8-7 Borrowing increases debt and can negatively affect a person's finances.
- V. Managing Credit 12-10 Borrowers who face negative consequences because they are unable to repay their debts may be able to seek debt management assistance.
- V. Managing Credit 12-12 Consumer credit protection laws govern disclosure of credit terms, discrimination in borrowing, and debt collection practices.

National Standards for Business Education from the National Business Education Association

- Personal Finance VII.1.17 Identify strategies for effective debt management.
- Personal Finance VII.1.23 Analyze the sources of assistance for debt management.

Classroom Activities

This unit includes three hands-on classroom activities. The first is in Topic 1: When to Use or Not Use Credit, the second is in Topic 4: Who Gets the Loan?, and the third is in Topic 5: Snowball or Avalanche? Below are brief descriptions of each activity, along with the learning objectives and the applicable national standards.


Pathway to Financial Success
In Schools
HIGH SCHOOL | UNIT 6
Understanding Credit
Title
When to Use or Not Use Credit
LEARNING OBJECTIVES
Students will:
- **compare** perspectives on the use of credit.
- **formulate** opinions about their future use of credit.

Topic
Understanding Credit
Overview
Should people use credit? The activity begins with students considering a variety

Topic 1
When to Use or Not Use Credit

[Go to Activity](#)

Overview

Should people use credit? The activity begins with students considering a variety of issues and concluding that some topics may not have a clear right or wrong answer. Students then work in small groups to conduct research in order to assume a specific role in a group discussion. Through a role-playing discussion, students answer questions about the use of credit from the perspectives of their assigned roles. The activity concludes with students forming their own opinions about debt and the use of credit.

Learning Objectives

Students will:

- compare perspectives on the use of credit.
- formulate opinions about their future use of credit.

Standards Correlation

[National Standards for Personal Financial Education](#) from the Council for Economic Education and Jump$tart Coalition for Personal Financial Literacy

- I. Earning Income 12-3 People vary in their opportunity and willingness to incur the present costs of additional training and education in exchange for future benefits, such as earning potential.
- II. Spending 4-4 Purchasing decisions have costs and benefits that can be different for different people.
- II. Spending 8-4 Consumers weigh the costs and benefits of different payment methods to determine the best option for purchasing goods and services.
- V. Managing Credit 8-4 Credit cards typically charge higher interest rates on balances due compared with rates on other types of loans.
- V. Managing Credit 8-6 When people borrow money to invest in higher education or housing, the risks and costs may be outweighed by the future benefits.
- V. Managing Credit 8-7 Borrowing increases debt and can negatively affect a person’s finances.
- V. Managing Credit 12-7 Lenders assess credit-worthiness of potential borrowers by consulting credit reports compiled by credit bureaus.
- V. Managing Credit 12-9 Credit reports and credit scores may be requested and used by entities other than lenders.

[National Standards for Business Education](#) from the National Business Education Association

- Personal Finance I.1.3 Apply opportunity costs and tradeoffs to personal decisions.
- Personal Finance VII.1.2 Describe the risks and responsibilities associated with using credit.

- Personal Finance VII.1.3 Identify the opportunity cost of credit decisions.
- Personal Finance VII.1.5 Determine advantages and disadvantages of using credit.
- Personal Finance VII.1.9 Analyze credit card features and their impact on personal financial planning.

Interactive Student Capture Sheets

The Unit 6 Interactive Student Capture Sheets do not include the student capture sheets from this activity.

Topic 4
Who Gets the Loan?

Go to Activity

Overview

How are credit scores used, and why is having a good one important? After discussing what they already know about the loan application process, students consider their personal prospects for obtaining credit. Student "loan officers" evaluate the profiles of five individuals seeking car loans and make recommendations about which should receive loans.

Learning Objectives

Students will:

- explain the factors lenders consider before making a loan.
- evaluate the characteristics of potential borrowers and the impact on their likelihood of getting a loan.

Standards Correlation

National Standards for Personal Financial Education from the Council on Economic Education and Jump$tart Coalition for Personal Financial Literacy

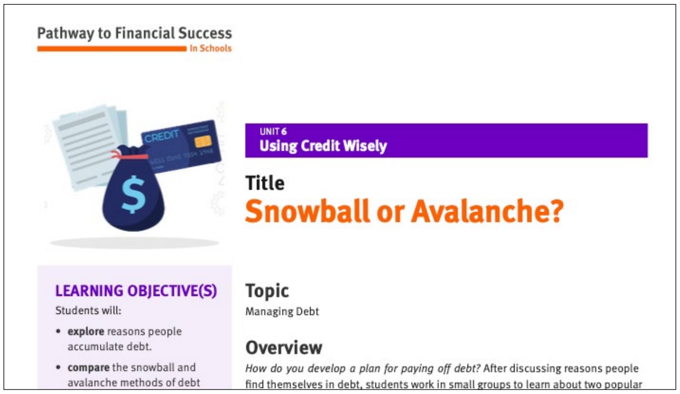
- V. Managing Credit 8-5 Lenders charge different interest rates based on borrower risk of nonpayment, which is commonly evaluated using information in the borrower's credit report.
- V. Managing Credit 8-7 Borrowing increases debt and can negatively affect a person's finances.
- V. Managing Credit 12-6 Down payments reduce the amount needed to borrow.
- V. Managing Credit 12-7 Lenders assess credit-worthiness of potential borrowers by consulting credit reports compiled by credit bureaus.
- V. Managing Credit 12-8 A credit score is a numeric rating that assesses a person's credit risk based on information in their credit report.

National Standards for Business Education from the National Business Education Association

- Personal Finance VII.1.4 Identify methods of establishing and maintaining a good credit rating.
- Personal Finance VII.1.13 Explain the need for a sound credit rating.
- Personal Finance VII.1.16 Describe how to improve one's credit score.
- Personal Finance VII.1.21 Explain credit ratings and credit reports and describe why they are important to consumers.
- Personal Finance VII.1.22 Describe the relationship between a credit rating and the cost of credit.

Interactive Student Capture Sheets

The Unit 6 Interactive Student Capture Sheets do not include the student capture sheets from this activity.



Topic 5
Snowball or Avalanche?

[Go to Activity]

Overview

How do you develop a plan for paying off debt? After discussing reasons people find themselves in debt, students work in small groups to learn about two popular debt repayment methods: the snowball and avalanche methods. Students explore two scenarios and discuss why individuals might prefer one method over another.

Learning Objectives

Students will:

- explore reasons people accumulate debt.
- compare the snowball and avalanche methods of debt repayment.
- analyze debt repayment options as they apply to a specific situation.

Standards Correlation

The following standards are addressed in this activity.

National Standards for Personal Financial Education from the Council for Economic Education and Jump$tart Coalition for Personal Financial Literacy

- V. Managing Credit 8-7 Borrowing increases debt and can negatively affect a person's finances.
- V. Managing Credit 12-10 Borrowers who face negative consequences because they are unable to repay their debts may be able to seek debt management assistance.
- V. Managing Credit 12-11 In extreme cases, bankruptcy may be an option for people who are unable to repay their debts.

National Standards for Business Education from the National Business Education Association

- Personal Finance VII.1.17 Identify strategies for effective debt management.
- Personal Finance VII.1.23 Analyze the sources of assistance for debt management.
- Personal Finance VII.1.26 Explain the implications of foreclosure and bankruptcy.

Interactive Student Capture Sheets

The Unit 6 Interactive Student Capture Sheets do not include the student capture sheets from this activity.

Family Connection

A Family Connection accompanies each high school unit in the Pathway to Financial Success in Schools program. Each one features an overview of the unit along with conversation starters and activities the family can do to reinforce the unit's lessons. This unit's family connection is Helping Children Build Credit: What You Can Do. It offers prompts related to how family members establish and use credit and encourages families to consider ways to help their children establish credit. Additional resources are also provided to further help parents and guardians.

Additional Units

This is the sixth of eight high school units in the Pathway to Financial Success in Schools program. Each one features self-paced modules, interactive student capture sheets, classroom activities, and a family connection. Consider opportunities to use these other resources in your unit or course. Please see the Pathway to Financial Success High School Educator Program Guide for additional program details.

High School Program-at-a-Glance

Educator Unit Guide	Interactive Student Capture Sheets	Family Connection	Self-Paced Module	Classroom Activity

Unit 1: Being Financially Responsible (Educator Unit Guide, Interactive Student Capture Sheets, Family Connection)

1.1 Imagining Your Financial Future (Self-Paced Module, Classroom Activity)	1.2 Setting SMART Financial Goals (Self-Paced Module)	1.3 Examining Money Habits (Self-Paced Module)	1.4 Budgeting for Success (Self-Paced Module, Classroom Activity)	1.5 Spending Wisely (Self-Paced Module)

Unit 2: Using Financial Services (Educator Unit Guide, Interactive Student Capture Sheets, Family Connection)

2.1 Understanding Financial Institutions (Self-Paced Module)	2.2 Deciding Where and How to Bank (Self-Paced Module)	2.3 Opening New Accounts (Self-Paced Module, Classroom Activity)	2.4 Using Mobile Banking (Self-Paced Module, Classroom Activity)	2.5 Making Everyday Purchases (Self-Paced Module, Classroom Activity)

Unit 3: Financing Your Future (Educator Unit Guide, Interactive Student Capture Sheets, Family Connection)

3.1 Exploring Earning Potential (Self-Paced Module)	3.2 Weighing Your Career Options (Self-Paced Module)	3.3 Choosing Your Path after High School (Self-Paced Module)	3.4 Financing Higher Education (Self-Paced Module, Classroom Activity)	3.5 Understanding Education Financing Options (Self-Paced Module, Classroom Activity)

Unit 4: Getting Paid (Educator Unit Guide, Interactive Student Capture Sheets, Family Connection)

4.1 Preparing for Work (Self-Paced Module, Classroom Activity)	4.2 Calculating Different Types of Pay (Self-Paced Module, Classroom Activity)	4.3 Comparing Job Offers (Self-Paced Module)	4.4 Paying Taxes (Self-Paced Module)	4.5 Creating Your Own Job (Self-Paced Module)

Unit 5: Paying Yourself First (Educator Unit Guide, Interactive Student Capture Sheets, Family Connection)

5.1 Deciding to Save Money (Self-Paced Module, Classroom Activity)	5.2 Setting Savings Goals (Self-Paced Module)	5.3 Finding Money to Save (Self-Paced Module, Classroom Activity)	5.4 Growing Savings Through Interest (Self-Paced Module)	5.5 Choosing a Savings Method (Self-Paced Module)

Unit 6: Using Credit Wisely (Educator Unit Guide, Interactive Student Capture Sheets, Family Connection)

6.1 Understanding Credit (Self-Paced Module, Classroom Activity)	6.2 Deciding When to Use Credit (Self-Paced Module)	6.3 Checking Your Credit Report (Self-Paced Module)	6.4 Improving Your Credit Score (Self-Paced Module, Classroom Activity)	6.5 Managing Debt (Self-Paced Module, Classroom Activity)

Unit 7: Making Major Financial Decisions (Educator Unit Guide, Interactive Student Capture Sheets, Family Connection)

7.1 Paying for a Vehicle (Self-Paced Module)	7.2 Renting or Buying a Home (Self-Paced Module)	7.3 Understanding Insurance (Self-Paced Module, Classroom Activity)	7.4 Choosing an Insurance Plan (Self-Paced Module)	7.5 Understanding Your Consumer Rights (Self-Paced Module, Classroom Activity)

Unit 8: Growing and Protecting Your Finances (Educator Unit Guide, Interactive Student Capture Sheets, Family Connection)

8.1 Understanding Investing Options (Self-Paced Module)	8.2 Building a Diversified Portfolio (Self-Paced Module, Classroom Activity)	8.3 Making Charitable Donations (Self-Paced Module)	8.4 Avoiding Financial Fraud (Self-Paced Module)	8.5 Getting Help with Financial Decisions (Self-Paced Module, Classroom Activity)

Key Terms

Authorized User
A person who has permission to use someone else's credit card but isn't the one who must pay the bill

Automatic Bill Pay
When a consumer sets up a bill payment to be made automatically on a given date from a bank account or credit card

Balance
The amount currently owed on a loan or the amount of money in an account

Bankruptcy
A legal term for when a person or business cannot repay its outstanding debts

Collateral
Something of value pledged by a borrower to be given to the lender should the borrower fail to repay a loan

Co-signer
Someone who has to pay a debt if the primary user does not pay

Credit
The ability to buy something now and pay for it later

Credit Builder Loan
A "locked" savings account into which a person deposits money over a set period of time—usually 6 to 24 months—in exchange for the payments being reported to the credit bureaus; the money is returned when the person is done

Credit Bureau or Credit Reporting Agencies
A business that researches and collects information about people's credit histories; examples include Equifax, Experian, and TransUnion

Credit Card
A card issued by a financial institution that gives the holder access to credit for purchases and other transactions

Credit Freeze
A process that locks or "freezes" access to a person's credit so that no new accounts can be opened in their name

Credit Limit
The maximum amount a person can borrow

Credit Report
A record of a person's credit history that includes information about their identity, existing credit, public records, as well as inquiries about theircredit history

Credit Score
A number calculated by a credit monitoring agency and assigned to a person that reflects the person's history of borrowing money and paying back loans

Debt
Something, typically money, that is owed or due

Down Payment
A portion of the purchase price paid in cash when the rest is paid with borrowed money

Federal Trade Commission
A federal government agency tasked with protecting consumers, often called the FTC

Fixed Interest Rate
An interest rate that does not change over time

Identity Theft
A crime in which someone acquires and wrongly uses another person's personal information

Installment Credit
A loan that is paid back in fixed amounts (installments) over a period of time, such as mortgages and car loans

Interest
Money paid at a specified rate for money that is borrowed, deposited in a bank, or owed to a lender

Interest Rate
The amount of interest being paid or charged, generally expressed as a percent

Lender
A person or business that extends credit to others

Loan
Money that is borrowed and must be paid back with interest

Prepayment Penalty
A fee or amount a borrower must pay if a loan is paid off early according to some loan agreements

Principal
A sum of money originally invested or borrowed

Revolving Credit
Borrowers are given a maximum amount they can borrow (a credit limit) with the ability to pay some or all of it back at a time and borrow again back to the limit, such as credit card or line of credit

Secured Credit Card
A credit card in which the borrower makes a security deposit up front to lower the risk of lending to them

Secured Loan
A loan in which the borrower offers collateral that the lender can take if the loan goes unpaid for a period of time

Service Credit
The ability to receive services such as utilities or a cell phone and pay for it later when billed

Unsecured Loan
A loan in which the borrower does not provide collateral

Variable Interest Rate
An interest rate that may increase or decrease over time

Wage Garnishment
A legal procedure by which a person's earnings are withheld to repay a creditor