



MIDDLE SCHOOL | UNIT 4 Using Credit Wisely

Title

Credit Cards: How Are They Different?

LEARNING OBJECTIVES

Students will:

- **share** prior knowledge related to credit cards.
- **review** the concept of credit.
- **conduct** research on a specific type of credit card.
- **compare and contrast** various types of credit cards.
- **prepare** a brief presentation to share their findings with the class.

Content Area

English Language Arts

Grades

6–8

Overview

What should you look for when selecting a credit card? This activity involves students participating in a jigsaw activity. Research teams will learn and answer questions about specific types of credit cards including cashback, miles/travel rewards, retail/store brand, and secured. Representatives from each team will then divide into new groups with each person bringing with them the knowledge he or she has gained. These groups then work together to create a presentation that explains the differences in each type of card and what to look for when selecting a card.

Themes

Personal Finance: Using credit

English Language Arts: Collaborative discussions, research, speaking and listening

Common Core English Language Arts Standards

W.6.8, W.7.8, W.8.8: Gather relevant information from multiple print and digital sources, using search terms effectively; assess the credibility and accuracy of each source.

SL. 6.1, SL. 7.1, SL. 8.1: Engage effectively in a range of collaborative discussions with diverse partners.

SL. 6.1B, SL. 7.1B, SL. 8.1B: Follow rules for collegial discussions, track progress toward specific goals and deadlines, and define individual roles as needed.

Pathway to Financial Success

In Schools

SL. 6.4, SL. 7.4, SL. 8.4: Present claims and findings, emphasizing salient points in a focused, coherent manner with pertinent descriptions, facts, details, and examples; use appropriate eye contact, adequate volume, and clear pronunciation.

SL. 6.6, SL. 7.6, SL. 8.6: Adapt speech to a variety of contexts and tasks, demonstrating command of formal English when indicated or appropriate.

Connect

How does this connect to the student?

Most students are familiar with credit cards because they see them used frequently. However, few may understand that there are different types of credit cards and that consumers have choices to make when selecting what card or cards to use.

How does this connect to careers?

Card services representative:
When people have a question about their credit card, they have the option to call and talk to someone about it. The person who answers the phone—often called a credit card services representative—helps them get answers to their questions.

How does this connect to the world?

Unlike cash, credit cards offer people the ability to travel and pay for items in many different currencies. Consumers should check with their credit card companies first, though, to find out about any potential fees or restrictions.

Key Terms

Personal Finance: credit card, gift card, debit card, annual fee, interest rate, cashback rewards credit card, secured credit card, miles/travel rewards credit card, retail/store brand card

English Language Arts: source, research, compare, contrast

Prepare

Background: According to [Experian](#), the average number of credit cards per person in 2020 was 3.84. **Credit cards** (small plastic cards issued by a bank, business, etc., allowing the holder to purchase goods or services on credit) offer individuals the ability to make purchases and pay for them later. Many people find them convenient and a good way to track expenses, with the [Federal Reserve](#) reporting that more than 80 percent of American adults had at least one credit card in 2020.

It is important that students understand the difference between credit cards (a form of borrowing), **gift cards** (prepaid stored-value cards usually issued by a retailer or bank to be used as an alternative to cash for purchases), and **debit cards** (payment cards that deduct money directly from a consumer's checking account to pay for a purchase). Students should also understand that there are different types of credit cards. This activity focuses on four distinct types:

- **Cashback Rewards Credit Card**—some allow users to earn points when making a purchase that can be redeemed for statement credit, cashback, or gift cards while others offer a percentage for cashback
- **Secured Credit Card**—typically requires the user to put up a deposit to secure his or her line of credit
- **Miles/Travel Rewards Credit**—offer programs where you can accrue miles or points to redeem for flights and/or hotel stays
- **Retail/Store Brand Card**—fall into two categories: closed loop (only able to use them at the retailer that provides the card) and open loop (sponsored by the retailer who backed by a major credit card network)

Pathway to Financial Success

In Schools

The activity uses a jigsaw strategy to help students work in one group to research a particular card type and then with another group to join their pieces of the credit card “puzzle” to form a complete picture. For more information on this technique, visit [AdLit](#) or [The Teacher Toolkit](#).

Materials

- **Credit card**—for display purpose only
- **Digging Into Credit Cards Student Capture Sheet**—one copy per student
- [What is Credit, and How do You Use It? Unit 4 Student Video](#)
- **Devices with internet access**

Engage

- Hold up a credit card and ask students what they think it is. If you receive answers other than credit card, such as debit card or gift card, clarify for students that it is a credit card.
- Ask students to take a few minutes to write down what they already know (or think they know) about **credit cards**. Additional prompts might include: how have you seen a credit card used? What is the difference between a credit card and a **gift card** (prepaid stored-value card usually issued by a retailer or bank to be used as an alternative to cash for purchases) or **debit card** (payment card that deducts money directly from a consumer's checking account to pay for a purchase)? What does a person need to do in order to get a credit card?
- Encourage students to share their responses with a partner. Ask students to report what they discussed with their partners. Write their responses on the board and clarify responses, as needed.

Teach

- Play the video [What is Credit, and How do You Use It?](#)
- Tell students that today they will be using the internet to research credit cards and determine the differences between different types of credit cards.
- Explain to students that many people use credit cards for a variety of reasons: for convenience, to purchase items that will take them time to pay back, etc. Let them know that while they may think all credit cards are the same, they can—in fact—be quite different. Some offer benefits like cashback on purchases, miles for airline flights, discounts for specific stores or on certain types of purchases like gas, etc. In exchange for these benefits, some cards might charge an **annual fee** (a fee paid to use the item for one year) or higher **interest rates** (the rate at which interest is charged by the lender to the borrower).
- Divide the class into four “research” groups and distribute one copy of the **Digging Into Credit Cards Student Capture Sheet** to each student. Let students know that each group will be finding information on a particular type of credit card. Assign each group to their card type: cashback rewards, secured, miles/travel rewards, and retail/store brand.
- Allow time for students to find information online about their assigned credit card type. If the groups are large, consider suggesting that they subdivide to answer particular questions and share the information back with the larger group.

Pathway to Financial Success

In Schools

- Invite students to form new “presentation” groups in which there should be at least one member from each research team (i.e. a jigsaw activity). Direct students to combine the information they each gathered about different types of credit cards and create a brief presentation to compare and contrast the different types of cards.
- Provide time for each group to share their presentations. Other groups can note the strengths of each presentation and provide constructive feedback.

Conclude

Direct students to submit an exit ticket responding to the following prompt: Do you plan to have a credit card when you grow up? If no, explain why not. If yes, explain which type you think you would choose.

Extend

- **Research:** Challenge students to do research on the history of credit and how credit cards came to exist.
- **Family:** Encourage students to talk with family members about if, how, and when they obtained their first credit card. Do they still use it today? How do they use credit cards in general?
- **Technology:** Discuss how technology is changing the way people use credit and precautions people should take to use credit cards safely (i.e. identity theft, skimmers, etc.).
- **Speaking Skills:** Provide time for students to share their presentations with parents or students from another class.

Digging Into Credit Cards

Directions: Work with your research group to locate information on your assigned credit card type. Use the following categories to help you organize your research. Be ready to join a new group and compare what you have learned.

Our Credit Card Type: (circle one)

Cashback Rewards Credit Card

Secured Credit Card

Miles/Travel Rewards Credit Card

Retail/Store Brand Card

<p>PURPOSE: What is the purpose of this type of card?</p>	
<p>BENEFITS: What are some of the potential benefits of using this type of card?</p>	
<p>TRADEOFFS: What are some of the potential tradeoffs of using this type of card? Consider annual fees, interest rates, and any other information you discover.</p>	
<p>CUSTOMER: Who might choose to use this type of card and why?</p>	