

Lab Template

Text: Financial Algebra

Volume: _____

Chapter: 4

Unit number: _____

Title of unit: Managing Credit

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Attach the Following Documents:

- 1. Lab Instructions**
- 2. Student Handout(s)**
- 3. Rubric and/or Assessment Tool**

Short Description (Be sure to include where in your unit this lab takes place):

In this lesson students will learn about credit cards and how to manage credit card debt. This lesson includes a variety of activities, including watching videos, having group discussions, vocabulary, and comparing different credit card offers to determine the best deal.

Managing Your Credit

LAB PLAN

TEACHER: *(Teacher Prep/Lab Plan)*

▲ **Lab Objective** (Student will be able to...)

- Describe the concept of credit
- Identify importance of having good credit
- Apply the concepts of interest
- Compute interest amounts on a loan
- Analyze different interest rates
- Compare the benefits and costs of spending decisions
- Compare the advantages and disadvantages of different payment methods
- Identify ways to avoid or correct credit problems

▲ **Statement of prerequisite skills needed** *(Vocabulary, Measurement Techniques, Formulas, etc.)*

- Students must be familiar with the formulas needed to determine interest rates,

▲ **Vocabulary**

- Credit (purchase)
- Credit card
- Credit line
- Credit rating
- Interest rate
- APR

- Principal
- Impulse buying
- Billing cycle
- Available credit
- Finance charge
- Minimum payment

^ **State Standards addressed:** (*Highlight "Green" Standards, you may use your District's Power Standards if applicable*)

- **Math:** Number and Quantity
 - Reason quantitatively and use units to solve problems
 - 1. Use units as a way to understand problems and to guide the solution of multi-step problems in the context of the data.
 - 2. Define appropriate quantities for the purpose of descriptive modeling.
- Functions
 - Interpreting functions
 - Analyze functions using different representations
- Algebra
 - Seeing structure as expressions
 - Write expressions in equivalent forms to solve problems
 - Interpret the structure of expressions
 - 1. Interpret expressions that represent a quantity in terms of its context.

^ **Reading:**

- 1.2.2: Apply strategies to comprehend words and ideas.
- 2.1.4: Apply comprehension monitoring strategies for informational and technical materials, complex narratives, and expositions: use prior knowledge
- 2.1.5: Apply comprehension monitoring strategies for informational and technical materials, complex narratives, and expositions; synthesize ideas from selections to make predictions and inferences.

^ **Writing:**

- 2.2.1: Demonstrates understanding of different purposes for writing

^ **Leadership:**

- 1.1 The student will analyze, refine, and apply decision-making skills through classroom, family, community, and business and industry (work-related) experiences
- 1.3 The student will demonstrate oral, interpersonal, written, and electronic communication and presentation skills and understands how to apply those skills
- 1.4 The student will be involved in activities that require applying theory, problem-solving, and using critical and creative thinking skills while understanding outcomes of related decisions.
- 2.1 The student will communicate, participate, and advocate effectively in pairs, small groups, teams, and large groups in order to reach common goals

^ **SCAN Skills/Workplace Skills:**

- Basic Skills
 - A: Locates, understands, and interprets information.
- Writing

- B: Records information completely and accurately
- E: Includes supporting documentation and attends to level of detail, checks, edits, revises grammar.
- Arithmetic
 - A: Performs basic computations
 - B: Uses basic numerical concepts such as whole numbers and percentages in practical situations.
- Mathematics
 - A: Approaches practical problems by choosing appropriately from a variety of mathematical techniques
 - B: Uses quantitative data to construct logical explanations for real world situations
 - C: Expresses mathematical ideas and concepts orally and in writing.
- Thinking Skills
 - Decision making
 - Problem solving

⤴ **Teacher Preparation:** *(What materials and set-up are required for this lesson?)*

⤴ Materials:

- Computer
- Projector
- Managing Credit Power Point
- Managing Credit Blank Notes (student copy)
- Vocabulary Assignment
- Credit Card Offers Student Organization Handout
- Credit Card Comparison Activity Handout
- Video Questions Handout
- Rubric for Presentation

⤴ Set-Up Required:

- Computer lab

⤴ **Lab Organizational Strategies:**

- ⤴ Grouping/Leadership/Presentation Opportunities: For this lab, students will be working both individually and in groups.
- ⤴ Cooperative Learning: For part of this lesson, students will be working in a group.
- ⤴ Expectations:
- ⤴ Time-line: 7, 55 minute class periods

⤴ **Post Lab Follow-Up/Conclusions** *(to be covered after student completes lab)*

Discuss real world application of learning from lab: Students will be able to use this information before they begin to use credit cards. This lab allows students to complete their own research on credit cards, and allowing the students to come up with an opinion about how they will handle their own credit finances in the future. This information could also be applicable to students now. The information they acquire may be shared with their families and it could open a discussion about responsible credit card managing.

- ⤴ Career Applications:

- ✧ **Optional or Extension Activities:** Every day at the beginning of class the students have a bell assignment. The bell assignments include review of the vocabulary, review of the notes, and opinionated questions about how they view credit.

Managing Credit Notes:

Student Directions: Follow along with the power point presentations. Fill in the blanks.

CREDIT SCORE ANALYSIS

- General Range: _____ to _____
- Above _____
 - Low _____ to _____
 - Demonstrates _____ financial health
- Below _____
 - _____ risk to lenders
 - Rates may be _____
 - Loan _____ is possible

BENEFITS TO A GOOD CREDIT SCORE

- _____ your interest rates
- _____ up credit _____
- _____ deposits required by utility companies
- _____ for apartments/rental properties
- Obtain _____ credit cards, _____, and mortgage offers.

WHAT MAKES UP YOUR CREDIT SCORE?

- Payment History _____
 - _____ payments, bankruptcies
 - Payments made on _____ help your _____
- How much you _____ - _____
 - Total _____ of all balances, cars, cards, homes, etc.
 - The _____ you are to your credit limit, the _____ your score
- Length of _____ History - _____
 - Longer _____ of _____ credit _____ your score
 - _____ scores with a short history are possible

- Make _____ on time or _____ cards quickly
- _____ Credit - _____
 - _____ opened credit or _____ applications
- Other Factors - _____

WAYS TO BOOST YOUR SCORE

- _____ bills on _____
- Keep balances _____
- _____ for credit only when _____
- Check credit report for _____
- If you have _____ payments, get back on track!

Vocabulary – Managing Your Credit

Define the following words using the textbook.

1. Credit (purchase): When something is bought that is not paid for at the time of purchase.
2. Credit Card: A type of credit card account that has a revolving charge where the entire bill does not have to be paid in full each month.
3. Credit Line: The maximum amount that a person can owe on a credit card at one time
4. Interest Rate: The percentage rate that is paid by a bank on money that is in some accounts.
5. APR: Annual percentage rate. The interest rate paid per year or charged per year.
6. Principal: The balance, or amount of money, in an account, or amount borrowed.
7. Impulse buying: When a consumer purchases something to which they suddenly were attracted and had no intention of buying.
8. Billing cycle: A predetermined amount of time set by the credit card company that is used for calculating a credit card bill.
9. Available credit: The difference between the maximum allowed and the actual amount owed on a credit card.

CREDIT CARD OFFERS STUDENT ORGANIZER

Student Directions: Below are descriptions of 5 different kinds of credit cards. Fill out the chart below the descriptions according to the information provided for each card. This activity will prepare you for your credit card research.

Card #1

Card #1 has no annual fee, and an initial APR of 0%. The card also includes rewards: with every \$1,000 spent, you get a \$10 gift certificate to a local burger chain. After six months, the APR jumps to 19.1%.

Card #2

Card #2 also has no annual fee, and an initial APR of 0%. The cardholder can also take money out on the card at the ATM. However, when these types of transactions are made, the APR jumps to 24.1%. In fact, the rate will go to 24.1% after three months for all purchases. This card also features rewards: after spending \$35,000 on the card, you get a free domestic airline flight.

Card #3

Card #3 also has no annual fee, although the APR is 12.9%, with no different initial APR. No rewards are offered.

Card #4

Card #4 is a little different. There is an annual fee of \$150, but no APR. With this card, you have to pay off your balance every month. This card also features a rewards program: you get one "point" for every dollar spent on the card, and points can be redeemed for magazine subscriptions and other items.

Card #5

Card #5 isn't officially a credit card. There is no annual fee, no APR, and no balance carried. This card takes money directly from your savings or checking account.

Credit Card	Initial APR	APR	Annual Fee	Rewards

Credit Card Comparison Activity

There are many different kinds of credit card offers today. As consumers, it is your responsibility to make good financial decisions that will benefit your life. Part of making financial decisions is being informed about the products that are available to you. In this lesson, you will research 5

different credit card companies to find out which credit card has the best offer for you, and your plan to manage your credit cards.

Credit Card # 1:

Website/Reference:

- What is the initial APR?
- The APR?
- Annual Fee:
- Rewards:

Credit Card #2:

Website/Reference:

- What is the initial APR?
- The APR?
- Annual Fee:
- Rewards:

Credit Card #3:

Website/Reference:

- What is the initial APR?
- The APR?
- Annual Fee:
- Rewards:

Credit Card #4

Website/Reference:

- What is the initial APR?
- The APR?
- Annual Fee:
- Rewards:

Credit Card #5:

Website/Reference:

- What is the initial APR?
- The APR?
- Annual Fee:
- Rewards:

True Life and NBC News Broadcast Videos

Student Directions: Click on the links below and watch the videos with your group. Answer the following questions. Use the internet search engines to look up information that you may not know.

“True Life: I’m a Compulsive Shopper”

http://www.youtube.com/watch?v=NOvUbV_WWb0

1. Do you use your parents’ credit cards?
2. How would your parents react if you spent \$10,000 on their credit cards?
3. What do you think of when you hear the phrase “compulsive shopper”? What do you think a compulsive shopper is?

NBC News Broadcast

<http://www.youtube.com/watch?v=LYzSOFbb22w&feature=related>

1. List 3 reasons why you think people are using their credit cards to pay their regular household bills?
2. What is does defaulting on a loan mean?

The Advantages and Disadvantages of Credit Presentation Rubric

	15	10	5	0	Totals
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Advantages	Group has listed 5 advantages. Includes detailed description of each advantage and 2 main points of how it can help.	Group has listed at least 5 advantages. Includes vague descriptions of each. Includes at least 1 main point of how it can help	Group has listed at least 3 advantages. Descriptions are not included.	Group has 2 or less listed.	
Disadvantages	Group has listed 5 advantages. Includes detailed description of each advantage and 2 main points of how it can help.	Group has listed at least 5 advantages. Includes vague descriptions of each. Includes at least 1 main point of how it can help	Group has listed at least 3 advantages. Descriptions are not included.	Group has 2 or less listed.	
Visual	Group has a visual in form of power point presentation. Presentation includes 1 graphic per slide, 1 animation per slide, is visually easy to read. Presentation must have at least 10 slides	Group has a visual in form of power point presentation. Slides are missing at least 2 graphics or animations.	Group has a visual in form of power point presentation. Slides are missing more than 4 graphics and animations. Presentation is missing at least 3 slides	Group has no visual.	
Conclusion/Opinion Questions	All 5 questions are answered in detail giving audience perspective in the opinions of the group.	4 of 5 questions answered. Answers are broad and not detailed.	3 of 5 questions answered. No detail or expansion of opinions.	2 or less questions answered.	

Questions:

1. What is your opinion of people acquiring credit at a young age?

Managing Credit Notes:

Student Directions: Follow along with the power point presentations. Fill in the blanks.

CREDIT SCORE ANALYSIS

- General Range: _____ to _____
- Above _____
 - Low _____ to _____
 - Demonstrates _____ financial health
- Below _____
 - _____ risk to lenders
 - Rates may be _____
 - Loan _____ is possible

BENEFITS TO A GOOD CREDIT SCORE

- _____ your interest rates
- _____ up credit _____
- _____ deposits required by utility companies
- _____ for apartments/rental properties
- Obtain _____ credit cards, _____, and mortgage offers.

WHAT MAKES UP YOUR CREDIT SCORE?

- Payment History _____
 - _____ payments, bankruptcies
 - Payments made on _____ help your _____
- How much you _____ - _____

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- Total _____ of all balances, cars, cards, homes, etc.
- The _____ you are to your credit limit, the _____ your score
- Length of _____ History - _____
 - Longer _____ of _____ credit _____ your score
 - _____ scores with a short history are possible
 - Make _____ on time or _____ cards quickly
- _____ Credit - _____
 - _____ opened credit or _____ applications
- Other Factors - _____

WAYS TO BOOST YOUR SCORE

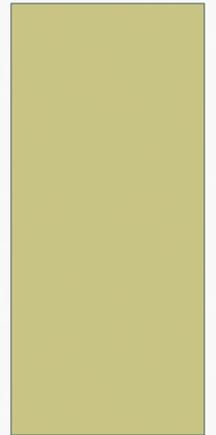
- _____ bills on _____
- Keep balances _____
- _____ for credit only when _____
- Check credit report for _____
- If you have _____ payments, get back on track!

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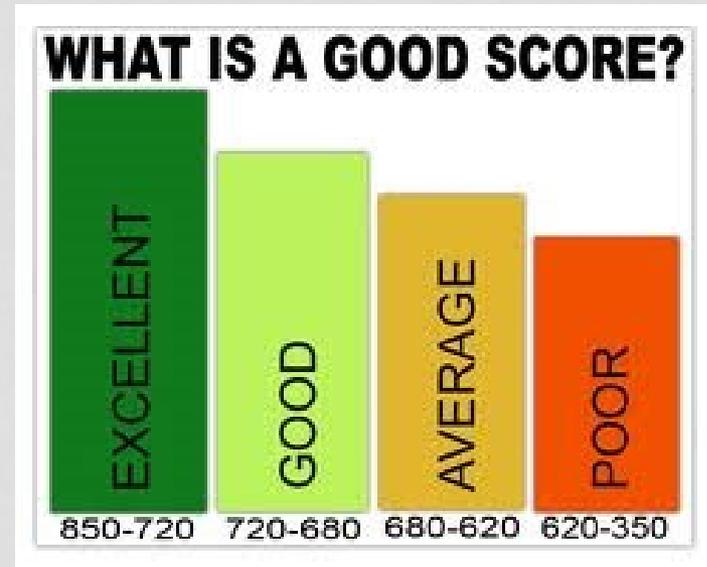
MANAGING CREDIT

MRS. COPENHAVER
EASTMONT HIGH SCHOOL
JUNE 28, 2012



CREDIT SCORE ANALYSIS

- General Range: 300-850
- Above 700
 - Low risk to lenders
 - Demonstrates good financial health
- Below 600
 - High risk to lenders
 - Rates may be higher
 - Loan denial is possible



BENEFITS TO A GOOD CREDIT SCORE

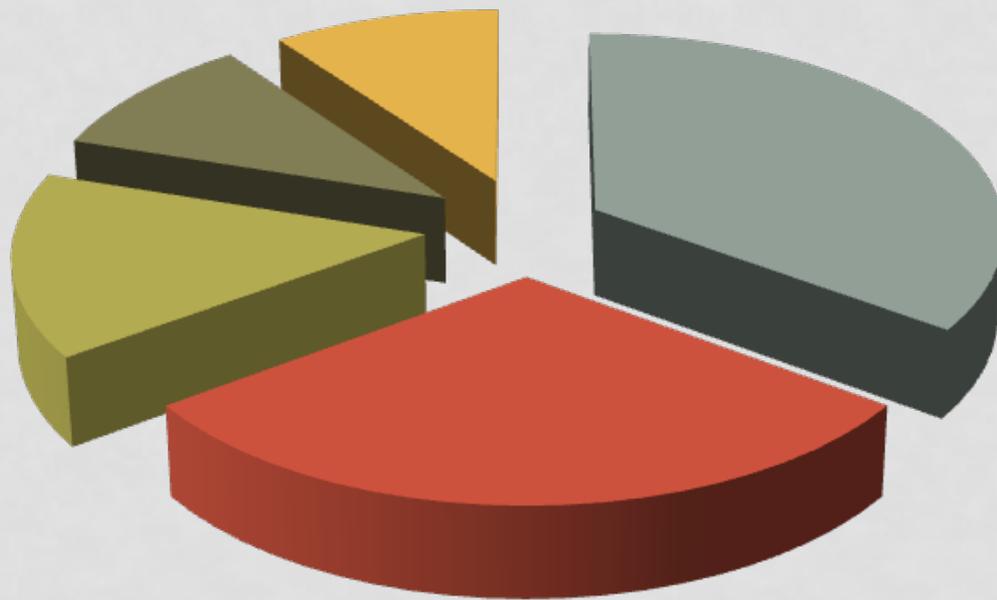


- Lower your interest rates
 - Pay less on your loan over time
- Speed up credit approvals
- Reduce deposits required by utility companies
- Approval for apartments/rental properties
- Obtain better credit cards, car loans, and mortgage offers.

WHAT MAKES UP YOUR CREDIT SCORE?

- Payment History – 35%
 - Late payments, bankruptcies
 - Payments made on time help your score
- How much you owe – 30%
 - Total amounts of all balances, cars, cards, homes, etc.
 - The closer you are to your credit limit, the lower your score
- Length of Credit History – 15%
 - Longer history of responsible credit increases your score
 - High scores with a short history are possible
 - Make payments on time or pay off cards quickly

What Makes up Your Credit Score?



■ Payment History

■ How Much You Owe

■ Length of History

■ New Credit

■ Other Factors

CONT.

- New Credit – 10%
 - Recently opened credit or credit applications
- Other Factors – 10%

WAYS TO BOOST YOUR SCORE

- Pay bills on time
- Keep balances low
- Apply for credit only when needed
- Check credit report for accuracy
- If you have missed payments, get back on track!



Vocabulary Quiz – Managing Your Credit

Define the following words using the textbook.

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- The APR?
- Annual Fee:
- Rewards:

Credit Card #2:

Website/Reference:

- What is the initial APR?
- The APR?
- Annual Fee:
- Rewards:

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Credit Card #3:

Website/Reference:

- What is the initial APR?
- The APR?
- Annual Fee:
- Rewards:

Credit Card #4

Website/Reference:

- What is the initial APR?
- The APR?
- Annual Fee:
- Rewards:

Credit Card #5:

Website/Reference:

- What is the initial APR?
- The APR?
- Annual Fee:
- Rewards:

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