



My Credit and Spending

Introduction

This session enables students to prepare to use credit. They learn about healthy spending habits and the importance of building a good credit score.

Session at a Glance

Big Ideas

- Your financial life will be tracked in detail. Your financial reputation will be evaluated and reported in a credit report and with a credit score.
- People will look at your financial choices and make decisions about doing business with you.
- It's important to develop healthy spending habits as part of taking financial responsibility.

Learning Organizer

The following activities are included in this session. These facilitation instructions include detailed instructions for facilitating all activities.

Learning Outline

Activity Overview	Objectives	Materials	Time
Warm-Up: Financial Reputation Students learn that it is important to build a positive financial reputation through good spending habits.	N/A	Onscreen Presentation: My Credit and Spending Student Activity: My Credit and Spending	5 minutes
Credit Reports and Scores Students learn that financial decisions are tracked, assessed, and reported. They examine a credit report.	<ul style="list-style-type: none"> • Explain who looks at your credit report and why. • Describe how financial decisions can improve a credit report. 	Onscreen Presentation: My Credit and Spending Student Activity: My Credit and Spending	20 minutes
My Money Today Students learn financially responsible spending habits and assess a credit report for financial responsibility.	<ul style="list-style-type: none"> • Identify spending habits that are financially responsible. 	Onscreen Presentation: My Credit and Spending Student Activity: My Credit and Spending	15 minutes
Wrap-Up: Take Control Students review the big ideas from the session and reflect on their learning.	N/A	Onscreen Presentation: My Credit and Spending Student Activity: My Credit and Spending	5 minutes

Preparation and Materials

Before the session, do the following:

- ☐ Access and review the session materials from JA Connect™ Learning Platform, including the onscreen presentation and student materials.
 - Click-through the onscreen presentation; practice navigating and using the interactive features; open and preview any videos or Web resources.
 - Become familiar with the key terms defined in the session.
 - Carefully review the fictional credit report in the **Student Activity: My Credit and Spending** so you can answer any questions students may have.
- ☐ Prepare to give students digital access to (recommended) or copies of the student materials.
- ☐ Consider preparing a story to share with students about the first time you saw your credit report and realized the details it contained.

Materials Guide for This Session

Teacher/Volunteer Materials

Materials	In-person, face-to-face	Remote virtual
Guide for Volunteers and Teachers: My Credit and Spending (Printable) (This document) Session information, setup, and talking points for volunteers or teachers to implement the session in a printable format	✓	
Guide for Volunteers and Teachers: My Credit and Spending (Digital) Session information, setup, and talking points for volunteers or teachers to implement the session in a digital format – designed for any device and “second screen” use	✓	✓
Onscreen Presentation: My Credit and Spending Instructional content in interactive slides designed for volunteers or teachers to project or share onscreen	✓	✓

Student Materials

Materials	Downloadable document	Fillable document
Student Activity: My Credit and Spending Digital handout for students to write notes and complete activities	✓	✓

Facilitation Instructions

Use the following talking points and instructions to help you implement the session and facilitate student learning.

WARM-UP: FINANCIAL REPUTATION

5 min.



Facilitation Tip

If you will be leading a virtual session, share your expectations for participation with students before you begin, including your rules for using audio, chat, and webcam features.

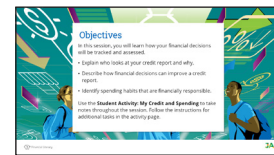
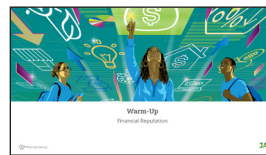


Facilitation Tip

You may ask students to share what big ideas they remember from any previous sessions they have completed from this program.

Objectives

Onscreen Presentation Slides



1. Welcome students to the session. Tell them that they will learn how their financial decisions will be tracked and assessed.
2. Briefly review the objectives for this session with students.
 - Explain who looks at your credit report and why.
 - Describe how financial decisions can improve a credit report.
 - Identify spending habits that are financially responsible.
3. Direct students to the **Student Activity: My Credit and Spending** and ask them to download and save the document with a new file name. They will use the student activity file to take notes and demonstrate their learning.

A Tale of Two Stores

1. Present the scenario about two convenience stores in a neighborhood. Select which store students decide they would choose to buy their snacks.

? At which store would you choose to buy your snacks?
the first store
2. Present the scenario about two convenience store customers:

? If you were the store owner, which customer would you rather have? Why?
The store owner would probably prefer the customer who has her money out and is ready to pay because she is demonstrating that she is a responsible customer.

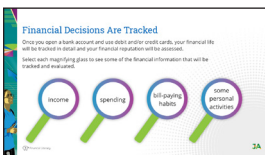


3. Tell students that just like the store owner is automatically evaluating customers who cannot pay, everyone's financial behavior is automatically evaluated.

... All of our personal actions add up to a reputation. The same is true for financial actions. It's important to develop good spending habits and build a positive financial reputation.

CREDIT REPORTS AND SCORES

20 min.



Financial Decisions Are Tracked

1. Ask students if they use debit cards or electronic payment methods, such as Venmo, Apple Pay, Google Pay, or PayPal, to buy things.
2. Explain to students that once they open a bank account and use debit and/or credit cards, their financial life will be tracked in detail, and their financial reputations will be assessed by selecting each magnifying glass.
3. Review with students some of the financial information that will be tracked and evaluated:
 - Income
 - Spending
 - Bill-paying habits
 - Personal activities, such as if you graduated and where you have lived
4. Tell students that when they start using debit cards or electronic payment methods, they will be creating a history of spending. That history is owned by the finance companies and can be sold to others.

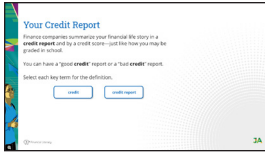


Your Financial Life Story

Impress upon students that, as they live their life, they will be telling their financial life story.

... Over the course of your life, your financial habits—your spending, whether you pay your bills on time, how much you borrow—will be evaluated and used to make decisions such as whether to offer you a credit card or loan to buy expensive things like a car.

... How you handle money is your financial life story.

**Facilitation Tip**

The **Student Activity: My Credit and Spending** provides this session's key terms and a space for students to write the definitions.

Your Credit Report

1. Explain to students that finance companies summarize your financial life story in a credit report and by a credit score—just like how they may be graded in school.
2. Ask student volunteers to define the key term **credit** in their own words. Then provide the definition, as needed.
 - **credit:** the ability to buy goods or services before paying for them, based on an agreement to pay later
3. Explain to students that every adult has a credit report. Ask student volunteers to define the key term **credit report** in their own words. Then provide the definition, as needed.
 - **credit report:** a record of a person's financial information, including credit card amounts owed and payment history, and loan information
4. Help students understand that you can have a "good credit" report or a "bad credit" report.



Bad Credit Is Bad for You



What kind of score (high or low) do you think the credit companies give people who make bad spending choices?

They will receive a low score, which is sometimes called having "bad credit."

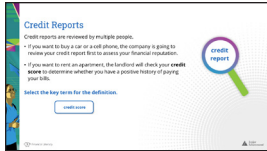
1. Review with students how many companies will review people's credit before doing business with them.
2. Have students guess which statement(s) are possible consequences of having bad credit to help them understand some ways having bad credit can impact your life.

All the statements are possible consequences of having bad credit.

3. Reassure students that a person's credit report can change.



Just like your school report card, there are things you can do to make your credit report worse and things you can do to make it better. Bad decisions can cause you to lose something valuable, like a good grade or good credit. But with effort, you can always make it better.



Credit Reports

1. Impress upon students that their credit score on their credit report will be evaluated by others.

💬 Credit reports are reviewed by multiple people. If you want to buy a car or a cell phone, the company is going to review your credit report first to assess your financial reputation. If you want to rent an apartment, the landlord will check your credit score to determine whether you have a positive history of paying your bills.

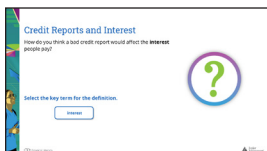
2. Ask student volunteers to define the key term **credit score** in their own words. Then provide the definition, as needed.

- **credit score:** a way to measure the potential for a borrower to repay money owed



Sample Credit Report

1. Explore with students the typical main sections of a credit report and the financial details that credit companies track.
2. Draw attention to the credit score, and explain that the number score is a way to show how responsible a person is with paying back their credit.
3. Note that what finance companies see on your credit report can affect the interest they charge.



Credit Reports and Interest

❓ How do you think a bad credit report would affect the interest people pay?

People with a bad credit report would likely be charged a higher interest rate, making everything they buy cost a little more.

Ask student volunteers to define the key term **interest** in their own words. Then provide the definition, as needed.

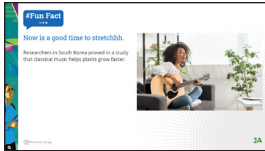
- **interest:** a charge for a loan, including an unpaid credit card balance, usually given as an annual percentage rate (APR)

📖 If you wish, share a brief story about the first time you saw your credit report and realized the details it contained.



Facilitation Tip

Note that not every country uses the same system of credit reports and scores, but all banks around the world make credit decisions by evaluating applicants' financial responsibility.

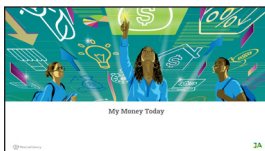


Take a Break

Provide students with a quick stretch and brain break with the fun fact.

MY MONEY TODAY

15 min.



Financial Responsibility

1. Ask student volunteers to define the key term **financial responsibility**. Then define the key term, as needed.

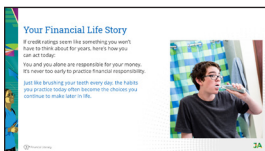
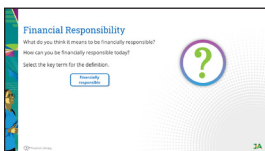
- **financial responsibility:** healthy financial practices, including having a budget, paying yourself first (saving), using credit wisely, and spending within your means

2. Engage students in a brief discussion about how they can start practicing being financially responsible.

? How can you be financially responsible today?

Answers will vary. Listen for students to suggest examining short-term wants and long-term goals, not lending money to friends, tracking their spending so their money does not slip through their fingers, saving money, not leaving money where it can be stolen, and having goals for how they spend their money.

Just like brushing your teeth every day, the habits you practice today often become the choices you continue to make later in life.



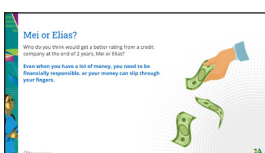
Spending Money Responsibly

1. Introduce students to Mei and Elias. Mei has just received a prestigious award that included a cash payment. A lot of money has been deposited into her bank account. Elias is studying to become a sound engineer and has very little money in the bank.

? Who do you think has the better credit score, or rating, Mei or Elias? Select Mei or Elias.

Just because Mei has a lot of money does not mean she has a better credit rating. Credit companies base their ratings on behavior, not bank balances. How much money you have in the bank is a factor, but it isn't as important as what you do with it.

2. Tell students they will learn about Mei's and Elias's financial journeys and then determine who they think is more financially responsible.



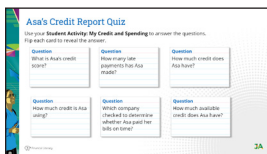
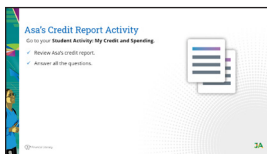
3. Explore Mei's 2-year financial journey by selecting each numbered marker along her timeline.
4. Explore Elias's 2-year financial journey by selecting each numbered marker along his timeline.

? Who do you think would get a better rating from a credit company at the end of 2 years, Mei or Elias?

Mei's spending decisions, including losing the income from her job and spending without thinking, are financially irresponsible, so she would get a low rating. Elias shows financial responsibility by working hard to pay his bills on time, so he would have a high rating.

5. Share with students the interesting fact that many people who get a lot of money in a short period of time don't manage it well.

... Even when you have a lot of money, you need to be financially responsible, or your money can slip through your fingers.



Asa's Credit Report Activity

1. Explain to students that in this activity, they will analyze the financial reputation of Asa by reviewing her credit report.
2. Direct students to the Asa's Credit Report Activity section of their **Student Activity: My Credit and Spending** and review the directions for completing the activity.

Facilitation Options

- **In-person, face-to-face:** Divide students into small groups in the classroom to discuss if Asa is financially responsible using her credit report.
- **Remote virtual:** Discuss if Asa is financially responsible using her credit report as a whole class.

3. Engage students in the quiz about Asa's credit report and have them find the answers by reviewing Asa's report. Consider making the activity a game by giving students a point for each question they are able to answer correctly or having teams compete to be the first to answer the question correctly.

? What is Asa's credit score?

686

? How many late payments has Asa made?

three, for ABC Credit Card

- ? How much credit does Asa have? (Hint: Add together the Credit Limits.)

Between the two credit cards, Asa has \$10,000 in credit.

- ? How much credit is Asa using? (Hint: Add together the Current Balances.)

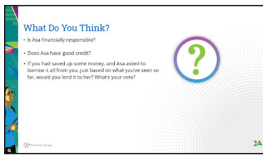
Asa is using \$1,585, or about 16% of her credit limit.

- ? Which company checked to determine whether Asa paid her bills on time?

EFG Credit Card conducted an inquiry in March.

- ? How much available credit does Asa have? (Hint: Subtract how much credit she's currently using from how much total credit she has.)

\$8,415, which is the amount of credit (\$10,000) minus how much she's already using (\$1,585)



What Do You Think?

Poll students on their thoughts about Asa's credit report with the following questions:

- ? Is Asa financially responsible?

Consider that even though Asa has three late payments to ABC Credit Card, she is now paying more than the minimum payment and is paying on time. She has always paid her rent on time and has a second credit card with a zero balance. She is only using 16% of her available credit.

- ? Does Asa have good credit?

"Good credit" is considered to be a credit rating of 670 and 739. So, Asa has good credit. "Excellent credit" is 740 to 850.

- ? If you had saved up some money, and Asa asked to borrow it all from you, just based on what you've seen so far, would you lend it to her? What's your vote?

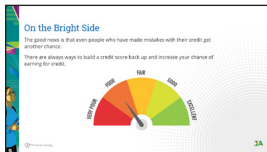
Accept all answers.

Facilitation Options

- **In-person, face-to-face:** Have students vote for their choices through a show of hands.
- **Remote virtual:** Have students vote for their choices by posting in the chat or by using an online polling tool of your choice.

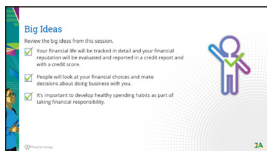
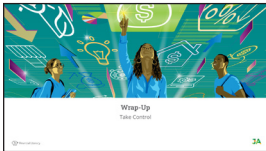
1. Ask student volunteers to provide evidence to support their votes. Listen for students to provide examples from Asa's credit report to support their opinions.
2. Finish the activity by reminding students that a credit report and score can change all the time.

... The good news is that even people who have made mistakes with their credit get another chance. There are always ways to build a credit score back up and increase your chance of earning for credit.



WRAP-UP: TAKE CONTROL

5 min.



Big Ideas

Review the big ideas from this session:

- Your financial life will be tracked in detail. Your financial reputation will be evaluated and reported in a credit report and with a credit score.
- People will look at your financial choices and make decisions about doing business with you.
- It's important to develop healthy spending habits as part of taking financial responsibility.

Reflect

Encourage students to reflect on what they have learned in this session by discussing the following questions:

Facilitation Options

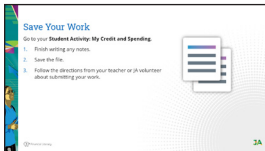
- **In-person, face-to-face:** Facilitate a discussion using the reflection questions to spark conversation.
- **Remote virtual:** Assign the reflection questions as a written response for students to complete in the **Student Activity: My Credit and Spending** to be submitted.

? What are some ways you can build a good financial reputation in the future?

Answers will vary. Listen for students to talk about using credit responsibly and having good spending habits.

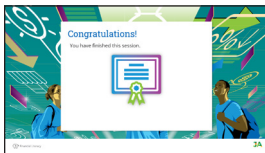
? What can you do now to start building good spending habits?

Answers will vary, but may include: spend responsibly; think before you buy and don't overspend; don't borrow except in emergencies and always pay back as soon as you can; track your spending; be aware of your financial reputation.



Save Your Work

Direct students to complete any work. Remind them to save their work with a logical file name in their personal workspace so they can refer back to it later.



Congratulations!

Congratulate students on finishing the session.