

Items Needed

- Copies of OKMM's *Your Money Matters* high school guide for each student.
- Copies of the "Choose the Right Card" worksheet on page 12 of the *Your Money Matters* guide.
- Online credit calculator (optional).

Opening Activity/Dialogue

- Is credit good or bad? Why?
- What are some of the reasons we—as consumers—need access to credit?
- How has your family's credit philosophy shaped the way you view credit in your own life?

Content

Your students will have a wide-variety of views when it comes to credit. These views will be shaped by their upbringing, their religion, their friendships and their overall environment. Credit certainly plays an important role in our society. It's important for young adults to learn how to manage their credit wisely and treat it like the important financial tool it is.

Through this lesson you'll show them:

- The importance of building a good credit history.
- How to manage their credit and stay out of debt.
- What a FICO score is and why it matters.
- How to monitor their credit report.
- How to compare credit cards to select the one that's the best fit for their situation.

Use the content and resources on pages 10 - 12 of the high school *Your Money Matters* guide to educate your students about the basics of credit. Ask your students to read the information on pages 10 and 11 and be prepared to discuss the following questions.

- Why isn't credit extended to everyone regardless of their age or previous credit experience?
- What makes one person more creditworthy than another?
- Why do people get in trouble with debt? Do you see credit as "free money"?
- Did you realize how long it takes to pay off a credit card balance when making just the minimum payment? (You may want to use an online credit calculator to show the class how much time it takes to pay off different debt levels by only making the minimum payments.)

- If you had to guess, besides payment history, what other factors are considered when determining your FICO score? (type of credit used, amount owed on accounts, length of credit history and if you've taken out new credit recently) Why do you think this information matters to lenders? What does this information tell them about the consumer?
- Do your students think it's beneficial to check their credit report? Why or why not? (Teacher note: Many students think that because they don't have much credit, it's not important to check their credit report regularly; however, misinformation can still be reported and identity theft can also happen to high school students. Checking their credit report is an important step in building good credit for life.)

Application

Now that your students are familiar with credit basics, let them work in teams to compare two credit cards. Pass out copies of the "Choose the Right Card" worksheet and direct them to use Bankrate.com to find the best card with an Annual Percentage Rate (APR) of 14 percent or less. As your students report back to you the credit card terms they found, make sure they understand the terms listed on the chart. If you don't have Internet access in the classroom, consider printing out details about various credit cards and have your students go through the data to compare two cards.

Also, use this opportunity to explain that not everyone is offered the same rates and perks on credit cards. Consumers with bad credit or no credit typically pay higher interest rates and fees than someone with good credit.

To request classroom copies of Oklahoma Money Matters' *Your Money Matters* guide, call 800.970.OKMM or email oklahomamoneymatters@ocap.org. To learn more about OKMM, visit our website, OklahomaMoneyMatters.org.

