



My First Credit Card

EPISODE #603



LESSON LEVEL

Grades 6-8

KEY TOPICS

- Credit cards
- Money management
- Spending wisely

LEARNING OBJECTIVES

1. Learn the process for obtaining a credit card.
2. Understand the factors to consider when obtaining a credit card.
3. Recognize how to properly manage a credit card once you have it.
4. Learn financial terms.

EPISODE SYNOPSIS

Your first credit card - manage it right and it could lead to a world of possibilities. Get it wrong and it will mean years of regret. BizKid\$ demystifies the process of getting a credit card, demonstrates how to use it correctly, and explains terms like credit score and APR. Hear from kids who used credit to their advantage, and a few who wished they had.

NATIONAL STANDARDS CORRELATIONS

Aligned to *National Financial Literacy Standards* from the **JumpStart Coalition for Personal Financial Literacy**.

Financial Responsibility and Decision Making

Standard 1: Take responsibility for personal financial decisions.

Standard 4: Make financial decisions by systematically considering alternatives and consequences.

Planning and Money Management

Standard 4: Apply consumer skills to purchase decisions.

Credit and Debt

Standard 1: Identify the costs and benefits of various types of credit.

Standard 3: Describe ways to avoid or correct credit problems.

Aligned to *Voluntary National Content Standards in Economics* from the **Council for Economic Education**.

Standard 2: Decision Making

Standard 14: Entrepreneurship

Aligned to **Common Core State Standards Initiative's** standards for *Literacy in History/Social Studies, Science and Technical Subjects*.

Standard 1: Read closely to determine what the text says explicitly and to make logical inferences from it; cite specific textual evidence when writing or speaking to support conclusions drawn from the text.

Standard 4: Interpret words and phrases as they are used in a text, including determining technical, connotative, and figurative meanings, and analyze how specific word choices shape meaning or tone.

Standard 7: Integrate and evaluate content presented in diverse formats and media, including visually and quantitatively, as well as in words.

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LESSON PREP & SCREENING

Getting Started

Familiarize yourself with the episode ahead of time. It will serve as a springboard for student learning, discussions, vocabulary exploration, and hands-on activities. Determine what equipment is required to show the episode in your classroom and request it if needed. Choose an activity (each one takes between 45-60 minutes), and gather supplies. Students will need a pen or pencil and copies of the activity worksheets. Have fun!

Screening

Introduce the series and the episode. Explain that Biz Kid\$ is a public television series that teaches kids about money and business. Mention that the bizkids.com website has lots of video clips, games, a blog, and other resources to help kids start businesses and learn about money. Prior to playing the episode, lead your students in a discussion with the preview questions on this page.

About the Episode

Your first credit card - manage it right and it could lead to a world of possibilities. Get it wrong and it will mean years of regret. BizKid\$ demystifies the process of getting a credit card, demonstrates how to use it correctly, and explains terms like credit score and APR. Hear from kids who used credit to their advantage, and a few who wished they had.

Episode Preview Questions

Before you show this Biz Kid\$ episode, lead your students in a brief discussion of the following questions:

- Why do people want to get a credit card?
- Do you want to have a credit card some day?
- Are you confident about how to handle a credit card?

Next Steps

Show this episode. After the episode, read the Summary and Conclusion to the class.

Summary and Conclusion

In this episode, you have learned about the benefits and responsibilities of having a credit card. You can avoid problems and use credit carefully to build a good financial reputation.

Family Connection

Distribute a copy of the Family Activity Sheet to each student to share what they've learned with their families.



FAMILY ACTIVITY SHEET

Episode Synopsis

Your first credit card - manage it right and it could lead to a world of possibilities. Get it wrong and it will mean years of regret.

BizKid\$ demystifies the process of getting a credit card, demonstrates how to use it correctly, and explains terms like credit score and APR. Hear from kids who used credit to their advantage, and a few who wished they had.

Activity Suggestions

Your student has learned about the benefits and responsibilities of having a credit card. Good credit can be helpful to build a good financial reputation, and a good credit score is part of that.

Together as a family, discuss your opinions about credit cards and credit scores. Share your advice and experience with your student. Discuss your expectations for how they will establish their own financial reputation.

Your credit score can also be affected by loans. Discuss the differences between loans and credit cards with your student. This might include a car loan, a student loan, a personal loan, a business loan, or a mortgage. Help your student to understand the difference between a high-interest loan like a payday loan, and a low interest loan like a government-backed student loan.

If you follow a specific strategy for budgeting debt payments each month, share that with your student. This can include credit card payments, loan payments, and any other regular monthly expenses. Having a budget strategy is a good way for your student to stay out of financial trouble as they learn to manage their own money.



Activity #1:

BIZ TERM\$

WORKSHEET FOR STUDENTS

Biz Term\$

- Collection agency
- Consolidate debt
- Credit card
- Credit repair company
- Credit report
- Credit score
- Debt
- Interest rate
- Loans
- Penalty

Directions

With students, read aloud the Biz Term\$ and each question. Call on volunteers for answers, and have them explain why they chose the term they believe to be correct.

Biz Term\$ Episode Review

1. Keep a good or excellent _____ so you can qualify to rent an apartment or to buy a car.
2. A _____ is not free money.
3. The _____ tells you how much extra you have to pay back when you repay what you have borrowed.
4. If you are late to repay, you might also have to pay a _____.
5. A _____ will help you improve your credit score.
6. _____ is the money that you owe to others.
7. A _____ will contact people who are late on their repayments.



CURRICULUM CONNECTIONS

Language Arts

- Have students construct sentences, write a paragraph, or create a story, skit, or dialog using Biz Term\$.
- Have students create a class Dictionary of Financial Terms using Biz Term\$.
- Have students start their own Journal of Personal Financial Education and continue to add to it.

History/Social Studies

- In this episode, Kaelon told Alex he might have to go to debtor's prison. Have students research the history of debtor's prison in the United States.

Mathematics

- River is a musician who wants to buy a \$2,500 microphone. He can't get a bank loan because he has no credit history. Which of these will be a better choice for him, and why: 1) A \$2,500 credit card with 24.99% annual interest rate. 2) A lay-away program at the store where he can put down \$250 now and has 12 months to pay in full. 3) To borrow \$2,500 from a friend and then pay them \$250 a month for 12 months.

Economics

- The pay-day loan industry has gained attention in the United States in recent years. Have students research this industry. What are the arguments in favor of these businesses? Arguments against them? Are they legal in all 50 states?

Optional Vocabulary Extensions

Make Art!

Ask students to create personal illustrated glossaries using sketches or cartoons to visually represent the meaning of each Biz Term.

Make It Personal!

Provide students with dictionaries and ask students to re-write formal definitions for each Biz Term in their own words to demonstrate comprehension.



Activity #2:

FREE MONEY ?

WORKSHEET FOR STUDENTS

Lesson Level:

Grades 6-8

Learning Objective:

Recognize how to properly manage a credit card once you have it.

Directions

In this episode, we meet Alex who has a lot of debt. A credit card is not free money - it has to be paid back, plus any interest and fees and penalties that you might owe to the credit card company. In addition to not being free, it also comes with other responsibilities. Below, match the credit card problem to the best solution.

Credit Card Problems

Solutions

Your credit card is over the limit.

Ask tech support for a reset.

Your interest rate is too high.

Pay more than the minimum payment each month.

Your credit score is poor.

Contact each of the three credit bureaus to correct it.

Your card charges an annual fee.

Report your card lost or stolen.

You have no credit score yet.

Ask for a new card.

There is a mistake on your bill.

Make your minimum payments on-time.

There is a mistake on your credit report.

Transfer to a card that has no annual fee.

You lost your credit card.

Ask a parent/guardian to add you to their account.

A store where you shop was hacked.

Call and ask for a lower interest rate.

You forgot your online password.

Call and dispute the item.

Have students discuss these ideas and share their answers with the class.



Activity #3:

MAKE MINE BLUE

WORKSHEET FOR STUDENTS

Lesson Level:

Grades 6-8

Learning Objective:

Understand the factors to consider when obtaining a credit card.

Directions

In this episode, we meet Martina, whose mother told her to never date someone with a bad credit score. Here are a few other things to consider when you are thinking about getting a credit card.

1. Do you know the difference between a ‘secured’ credit card and a regular credit card? Which one would be better for someone who has never had a credit card before, and why?

2. The interest rate tells you how much money you will have to pay back, in addition to the money that you are borrowing. What do you think is a reasonable interest rate for your first credit card, and why?

3. Some credit cards charge an annual fee, but in return they offer special services like travel miles or shopping points. Would you pay an annual fee to have special services? Why or why not?

4. If you mail your credit card payment on Monday, and the payment is due on Tuesday, will your credit card company charge you a late fee? Why or why not?

5. If your credit card charges you a late fee, and that puts your balance over the limit, will they also charge you the over-the-limit fee? Why or why not?

Have students discuss these ideas and share their answers with the class.



BIZ TERMS DEFINITIONS

- *Collection Agency*: A business that will collect money from people who are past-due on their bills.
- *Consolidate debt*: To take more than one debt and put them together into one account with one payment.
- *Credit card*: Plastic cards that allow users to make purchases using borrowed money.
- *Credit repair company*: A business that will help you improve your credit score.
- *Credit report*: A document that summarizes how many loans and credit cards you have, what their limits are, and whether or not you pay on time.
- *Credit score*: A number determined by credit rating agencies that affects interest rates and credit eligibility for an individual.
- *Debt*: Something owed to another - an obligation to pay.
- *Interest rate*: A percentage, usually on an annual basis, that must be paid back in addition to the original amount borrowed.
- *Loans*: Money temporarily given to you in exchange for repayment with interest.
- *Penalty*: A fee for breaking the terms of an account or agreement.



Produced by: *Biz Kid\$* LLP

Funded by:



Co-Produced by:



Distributed by:

