



# Credit & Debt

## Lesson Plans

### Quick Access Links:

[Cash and Credit](#)

[How Credit Affects Your Life](#)

[Using Your Credit – Crazy or Compelling?](#)

[My First Credit Card](#)

[Debt: The Good, The Bad, The Ugly](#)



# Cash and Credit

EPISODE #109

ACTIVITIES & LESSONS

## LESSON LEVEL

Grades 6-10

## KEY TOPICS

- Entrepreneurship
- Cash/Currency
- Credit cards
- Debit cards

## LEARNING OBJECTIVES

1. Become familiar with different methods of paying for purchases.
2. Identify advantages and risks of using credit.
3. Learn some rules for using credit.
4. Learn financial terms.

## EPISODE SYNOPSIS

You'll learn about the power and pitfalls of credit, which is essentially using someone else's money temporarily (for a price). Meet a young entrepreneur who used credit to start a successful bath salts business and another who launched a successful design firm. And, as a cautionary tale, we talk to a young woman who had fun buying with credit until she found herself in bankruptcy.

## 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 3:* Describe how to use different payment methods.

Credit and Debt

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

*Standard 2:* Explain the purpose of a credit record and identify borrowers' credit report rights.

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
- Family Activity Sheet
- Biz Term\$ Worksheet
- Curriculum Connections
- Activity Worksheets
- Biz Term\$ Definitions
- Acknowledgements



# 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

You'll learn about the power and pitfalls of credit, which is essentially using someone else's money temporarily (for a price). Meet a young entrepreneur who used credit to start a successful bath salts business and another who launched a successful design firm. And, as a cautionary tale, we talk to a young woman who had fun buying with credit until she found herself in bankruptcy.

## Episode Preview Questions

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

- What is the difference between paying for a purchase with cash or credit?
- What are some advantages of paying with cash? With credit?
- How are checks and debit cards similar?

## Next Steps

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

## Summary and Conclusion

The pros and cons of using credit are explained in this episode. To use other people's money, you must repay it with interest by a specific date. Advertising encourages people to spend money, so be financially aware of your limits and don't spend more than you can repay.

## Family Connection

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



# 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

- Research the history of the three main credit bureaus in the U.S.: Equifax, Experian, and TransUnion. When was each founded? What do they do? Are there any differences between these three companies?

## Mathematics

- Look for three advertisements in print or online for credit cards. Create a chart to compare and contrast these three credit cards. What is the Annual Percentage Rate (APR) for each one? Do they have an annual fee? What is the penalty for a late payment? Do they entice you with a reward program? Decide which of the three you believe is the best deal, and explain why.

## Economics

- Have students learn more about the FICO score. Research its purpose and discover who uses these scores. Discuss what the economy might be like if there were no credit bureaus. Would it be more difficult to buy goods and services? How would that affect your community?

## 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 #1:

# BIZ TERM\$

## WORKSHEET FOR STUDENTS

### Biz Term\$

- Benefit
- Cash
- Check
- Credit
- Credit bureau
- Credit report
- Debit card
- Mortgage
- Overspend
- Repay

### 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. When you get a loan to buy a house it is called a \_\_\_\_\_.
2. You received a \_\_\_\_\_ in the mail for your birthday.
3. If you borrow money you must \_\_\_\_\_ it.
4. A \_\_\_\_\_ of loans and credit cards is that you have more time to pay for goods and services.
5. A history of your behavior with loans and credit is found in a \_\_\_\_\_.
6. A bank card that subtracts or deducts money directly from your checking account is a \_\_\_\_\_.
7. You are less likely to \_\_\_\_\_ if you pay for a purchase with \_\_\_\_\_.



Activity #2:

# CASH OR CREDIT

## WORKSHEET FOR STUDENTS

### Directions

For each purchase below, decide whether you would use cash or credit to pay for your purchase, and why you would make that choice.

Example:

Bicycle:     \_\_\_CASH\_\_\_     Because I could get a used bike for \$90 with cash and pay no interest.

Big Screen TV: \_\_\_\_\_

New Shoes: \_\_\_\_\_

Puppy: \_\_\_\_\_

Car: \_\_\_\_\_

Smartphone: \_\_\_\_\_

Backpack: \_\_\_\_\_

Movie tickets: \_\_\_\_\_

What are the benefits and drawbacks of paying with cash?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

What are the benefits and drawbacks of paying with credit?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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



Activity #3:

# YOU ARE THE BANK

## WORKSHEET FOR STUDENTS

### Directions

You are the bank, and one of your customers wants to borrow money to start their business. You will give them a credit card, but first you have to decide what the rules are going to be, and have your customer sign the agreement.

1. How much money are you willing to let them borrow? This will be their “credit limit” for the card.

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2. How much interest should they pay you each year?

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3. What will happen if they are late making their payments to you?

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4. What will happen if they are a really good customer and always pay on time?

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Now think about your own situation as an individual. How much money is in your own piggy bank right now? Would you want to lend it to a friend? Why or why not?

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



# BIZ TERMS DEFINITIONS

- *Benefit:* An advantage, privilege, right or financial reimbursement, such as a medical plan.
- *Cash:* Paper bills or metal coins that are used to pay for things.
- *Check:* A printed or written promise to pay a specific amount of money. Checks usually include your signature, the name of a bank which will provide the money, and a bank account number that the money will come out of.
- *Credit:* A loan of money from a financial institution which must be repaid by a certain date with interest.
- *Credit bureau:* An agency which collects and sells information about how people use their credit, including if they make payments on time and how much credit they have available to them.
- *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.
- *Debit card:* A bank card that looks like a credit card but it takes money directly from your checking account to pay for the entire purchase all at once.
- *Mortgage:* A loan from a bank or credit union for the purpose of buying a house.
- *Overspend:* The act of spending more money than you actually have.
- *Repay:* To pay back something that you borrowed.





# How Credit Affects Your Life

EPISODE #205

ACTIVITIES & LESSONS

## LESSON LEVEL

Grades 6-10

## KEY TOPICS

- Entrepreneurship
- Credit and debt
- Interest rates and fees

## LEARNING OBJECTIVES

1. Understand your credit score and how it can affect your future.
2. Learn advantages and pitfalls of using credit cards.
3. Beware of interest rates and credit card fees.
4. Learn financial terms.

## EPISODE SYNOPSIS

Did you know that your credit score is like your financial report card? It can make the difference in being able to afford the college of your choice, and may even affect whether or not you get the job or the apartment that you want. Learn about building good credit, and research how credit laws impact your life.

## 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 2:* Find and evaluate financial information from a variety of sources.
- Standard 4:* Make financial decisions by systematically considering alternatives and consequences.

Credit and Debt

- Standard 1:* Identify the costs and benefits of various types of credit.
- Standard 2:* Explain the purpose of a credit record and identify borrowers' credit report rights.
- Standard 3:* Describe ways to avoid or correct debt problems.

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

- Standard 2:* Decision Making
- Standard 12:* Interest Rates
- 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.

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## 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

Did you know that your credit score is like your financial report card? It can make the difference in being able to afford the college of your choice, and may even affect whether or not you get the job or the apartment that you want. Learn about building good credit, and research how credit laws impact your life.

## Episode Preview Questions

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

- How many of you expect to have or already have a credit card?
- What are some advantages of having a credit card?
- What are some possible disadvantages?
- What are some alternatives to charging things on credit?

## Next Steps

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

## Summary and Conclusion

Your credit score can make the difference in getting a job, a loan, a better interest rate, and even paying for college. It is important to build good credit, and understand how credit laws impact your life. Recognize the difference between something you want versus something you really need. You can control your financial reputation by being educated and by making responsible choices.

## Family Connection

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



# 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

- The names of the three largest modern credit bureau companies are Experian, TransUnion, and Equifax. Which one is oldest? When was it founded? What was the original name for the oldest company? What city is their headquarters in? What was their original purpose?

## Mathematics

- How long would it take to repay a student loan debt of \$54,000 at 8% interest rate if you pay \$361 each month? How much will you pay in interest? What if you went to a less expensive school for the first two years of your degree program, and had a total debt of only \$38,580, how long would it take to repay that if you still made a payment of \$361 each month? How much would you pay in interest for the smaller loan?

## Economics

- How do credit cards affect the U.S. economy? Look at the short-term effects as well as the long-term effects. During a recession, do you believe lenders should lower or raise interest rates for their customers? Explain your thinking in terms of both short-term effects and long-term effects.

## 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 #1:

# BIZ TERM\$

## WORKSHEET FOR STUDENTS

### Biz Term\$

- Annual percentage rate (APR)
- Credit
- Credit bureau
- Credit score
- Debit card
- Debt
- Interest
- Interest rate
- Minimum payment
- Prepaid credit card

### 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. A \_\_\_\_\_ spends like a credit card but has been paid for in advance.
2. \_\_\_\_\_ is the amount of interest you pay each year as a fee for borrowing money.
3. The smallest amount of money you are allowed to pay for a loan payment not to be considered late or incomplete is the \_\_\_\_\_.
4. The agency providing data about how people use their credit is a \_\_\_\_\_.
5. A bank card that takes money directly from your checking account to pay for an entire purchase immediately is a \_\_\_\_\_.
6. You must pay back the original loan amount plus \_\_\_\_\_ for borrowing money.
7. A loan of money which must be repaid by a certain date with interest is a \_\_\_\_\_.



Activity #2:

# YOUR CREDIT SCORE

## WORKSHEET FOR STUDENTS

**Lesson Level:**

Grades 6-10

**Learning Objective:**

Understand your credit score and how it can affect your future.

**Directions**

Traditionally, a minimum credit score of 620 or better was required by many lenders. Today, lenders are more strict, and many prefer a score of 640 or better as a minimum.

1. You're a banker. A friend would like to borrow \$1,000 from your bank. They have a credit score of 630. What is your decision about lending them money, and why?

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2. Your credit score is 635, and the credit union prefers a score of 640 or better to give you a loan. What would you tell them to convince them you should get the loan anyways?

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3. A couple wants to buy a car. They can afford the car payments, but the computer at your bank says no due to their low credit score. As the banker, it's your decision. What do you say, and why?

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4. The biggest factor affecting your credit score is whether or not you pay your bills on time. What advice would you give to a person who wants to borrow money but their credit score is too low right now?

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



Activity #3:

# BUYER BEWARE!

## WORKSHEET FOR STUDENTS

**Lesson Level:**

Grades 6-10

**Learning Objective:**

Beware of interest rates and credit card fees.

**Directions**

When you borrow money, you have to pay back more than the amount that you borrowed. That is why lenders are willing to let you borrow their money, because they make more money in the end. Sometimes there are fees you pay, and almost always there is an interest rate which tells you how much extra you have to pay back.

1. You want a credit card. You get 2 offers in the mail. One has a \$20 annual fee and a 10% interest rate. The other has no annual fee and a 25% interest rate. Which card is a better choice for you, and why?

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2. The answer to the question above might be different for each individual. If I am a person who pays off my entire credit card balance every month, which card would be better for me? Why?

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3. When a credit card company loans you money, what they earn is the interest that you pay. How much is too much to pay in interest? Why?

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4. There is a famous saying in the play Hamlet, “neither a borrower nor a lender be.” What does that mean? Do you agree with it? What would happen if no one ever gave loans to people?

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



# BIZ TERMS DEFINITIONS

- *Annual percentage rate (APR):* How much interest you will pay each year as a fee for borrowing money.
- *Credit:* A loan of money from a financial institution which must be repaid by a certain date with interest.
- *Credit bureau:* An agency which collects and sells information about how people use their credit, including if they make payments on time and how much credit they have available to them.
- *Credit score:* A rating used by credit reporting companies to help lenders decide whether to extend credit to a borrower.
- *Debit card:* A bank card that looks like a credit card but it takes money directly from your checking account to pay for the entire purchase all at once.
- *Debt:* Something owed to another - an obligation to pay.
- *Interest:* A fee charged for borrowing money.
- *Interest rate:* A percentage, usually on an annual basis, that must be paid back in addition to the original amount borrowed.
- *Minimum payment:* The smallest amount of money you are allowed to pay in order for a loan payment to not be considered late or incomplete.
- *Prepaid credit card:* A card that will spend like a credit card, but that has already been paid for in advance, such as a \$50 Visa gift card.



# Using Your Credit - Crazy or Compelling?

EPISODE #115

## LESSON LEVEL

Grades 6-10

## KEY TOPICS

- Entrepreneurship
- Credit
- Interest

## LEARNING OBJECTIVES

1. Learn about borrowing money.
2. Understand your credit report and its impact on your life.
3. Understand how to calculate interest on your loans.
4. Learn financial terms.

## EPISODE SYNOPSIS

Don't live on borrowed time. Join the Biz Kid\$ and you'll see the true cost of purchasing with credit. You'll also have an unsettling look at credit scores and the increasing number of people and places (employers, insurers, colleges, etc.) who are using these scores to make major decisions that could affect your future. Meet entrepreneurs who have successfully navigated credit pitfalls.

## 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 3:* Describe how to use different payment methods.

*Standard 4:* Apply consumer skills to purchase decisions.

Credit and Debt

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

*Standard 2:* Explain the purpose of a credit record and identify borrowers' credit report rights.

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

*Standard 2:* Decision Making

*Standard 14:* Entrepreneurship

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Don't live on borrowed time. Join the Biz Kid\$ and you'll see the true cost of purchasing with credit. You'll also have an unsettling look at credit scores and the increasing number of people and places (employers, insurers, colleges, etc.) who are using these scores to make major decisions that could affect your future. Meet entrepreneurs who have successfully navigated credit pitfalls.

## Episode Preview Questions

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

- Have you ever really wanted to buy something but didn't have enough money saved to buy it?
- What could you do if there was something you really needed, but you didn't have the money for it?
- How would you define credit?

## Next Steps

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

## Summary and Conclusion

When a person uses credit, they are borrowing money from a financial institution, such as a credit union or bank. Businesses lend money to people who they trust will repay the loan by a specified date. There are consequences if the money is not repaid in full by the specified date, such as interest and late fees. It is easier and much better to establish good credit. Using credit can be a positive or negative experience.

## Family Connection

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



# 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

- Using the internet, visit the website (<http://www.encyclopediaofcredit.com/history>). When were loans first made? How were credit bills important during the Middle Ages? What was a “sea loan?” What was a “fair letter?”

## Mathematics

- You borrow \$10,000 to buy a car, and agree to pay it back over 5 years, at an interest rate of 6%. How much money will you end up paying back on this loan?

## Economics

- Name the three major credit reporting agencies. What is their purpose? What are the differences between them? Write to one or more credit agencies and get a free copy of your own credit report (you are allowed one free copy per calendar year).

## 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 #1:

# BIZ TERM\$

## WORKSHEET FOR STUDENTS

### Biz Term\$

- Borrower
- Consumer
- Credit
- Credit history
- Credit score
- Financial institutions
- Interest
- Interest rate
- Lending institution
- Line of credit

### 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. The amount of money you can borrow is your \_\_\_\_\_ limit.
2. A bank or credit union are types of \_\_\_\_\_ and they also may be a \_\_\_\_\_.
3. A fee charged for borrowing money is called \_\_\_\_\_.
4. A person who gets a loan is a \_\_\_\_\_.
5. Someone who uses goods and services is a \_\_\_\_\_.
6. A number assigned to a person by a credit bureau is a \_\_\_\_\_.
7. A record of a person's repayment of financial obligations is their \_\_\_\_\_.



Activity #2:

# INTEREST AND PAYMENTS

## WORKSHEET FOR STUDENTS

### Directions

You are planning to buy a car. Fill in the chart below, so you can take it with you when you go shopping.

Example: If the car's price is \$5,000 then a down payment of 5% would be  $.05 * 5,000 = \$250$  down payment (money you have saved up and can pay them right now).

The amount you would need to borrow would be  $\$5,000 - \$250 = \$4,750$  needed in a loan. For this example, use a 5% interest rate, and plan to pay off the loan within one year.

If you are borrowing \$4,750 and the interest rate is 5% then you would owe \$4,750 plus 5% of \$4,750 at the end of one year. 5% of \$4,750 is \$237.50. \$4,750 plus \$237.50 is \$4,987.50 that you would pay in total by the end of the year to the lender.

To figure out your monthly payment, divide the total amount of the one-year loan (\$4,987.50) by 12 months.  $\$4,987.50 / 12 = \$415.625$  (you would round up to \$415.63 for your loan payments).

If the payment is too high, you can lower it by getting a lower interest rate, or putting in a larger down payment. Those methods will not cost more money in the long run. If you're really stuck, you could extend the loan to two years, but you will pay more in interest the longer you stretch out the loan.

Down payment	Amount to borrow	5% Interest for 1 year	Loan plus Interest	Monthly Payments
5% = \$250	\$4,750	\$237.50	\$4,987.50	\$415.63
10% =				
15% =				
20% =				
25% =				
50% =				
75% =				
100% = \$5,000	\$0	\$0	\$0	\$0

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



Activity #3:

# CREDITZILLA!

## WORKSHEET FOR STUDENTS

### Directions

People get caught in debt and it is hard to get out. If you know what the real story is behind the numbers, you are less likely to be trapped by too much debt. Think about the situations below, and discuss them in class.

1. There is a letter in the mail that says you are “pre-approved” for a credit card at 18% annual interest rate. If you spent \$1,000 on the card, and paid it off after one year, how much would you pay in interest? Is this a good deal? Why or why not?

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2. George is going to buy a house. He is borrowing \$100,000. The lender says they can offer him a fixed-rate mortgage (the payments stay the same every month) or an adjustable-rate mortgage (the payments might go up or down depending on the economy). What is the best choice and why?

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3. Allison wants to buy a car. She has \$3,000 saved up, and the car will cost \$5,000. She needs a loan for the other \$2,000. The car dealer says she can have a 1 year loan or a 2 year loan. What is the best choice and why?

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4. You see a pair of jeans on sale for 10% off the regular price of \$50. You have a credit card in your pocket with a 13% interest rate. If you buy the jeans today with the credit card, and pay them off after one year, are you paying more or less than the regular \$50 price for them?

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



# BIZ TERMS DEFINITIONS

- *Borrower*: A person who asks to use something that they do not own, with the promise to give it back later.
- *Consumer*: A person who buys goods or services.
- *Credit*: A loan of money from a financial institution which must be repaid by a certain date with interest.
- *Credit history*: A record of how you have repaid your credit obligations.
- *Credit score*: A rating used by credit reporting companies to help lenders decide whether to extend credit to a borrower.
- *Financial institutions*: Organizations or businesses that provide services related to money.
- *Interest*: A fee charged for borrowing money.
- *Interest rate*: A percentage, usually on an annual basis, that must be paid back in addition to the original amount borrowed.
- *Lending institution*: An organization or business that loans money to borrowers.
- *Line of credit*: An amount of money a borrower is able to use, as in the amount of credit available on a credit card.



# My First Credit Card

EPISODE #603

ACTIVITIES & LESSONS

## LESSON LEVEL

Grades 6-10

## 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.

## CONTENTS

- National Standards Correlations
- Lesson Prep & Screening
- Family Activity Sheet
- Biz Term\$ Worksheet
- Curriculum Connections
- Activity Worksheets
- Biz Term\$ Definitions
- Acknowledgements



# 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.





# 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 #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.



Activity #2:

# MY FIRST CREDIT CARD

## WORKSHEET FOR STUDENTS

**Lesson Level:**

Grades 6-10

**Learning Objective:**

Learn the process for obtaining a credit card.

**Directions**

In this episode, we learn about the benefits and drawbacks of getting a credit card. Now take a look at some of the ways you can get your first credit card.

- A. Become an authorized user on another person’s account, such as a parent or guardian.
- B. Qualify for a student credit card as a college student.
- C. Get a secured credit card from your bank or credit union.
- D. Start with a department store card - sometimes those are easier to qualify for.

1. What does it mean when you are an authorized user on another person’s credit card?

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2. Why do banks like to give a credit card to a college student and not just everyone who is age 18-22?

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3. What is the difference between a secured credit card and unsecured credit cards?

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4. Why would it be easier to get a department store card than to get a major brand credit card?

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5. There are also other ways to get a credit card - can you name one more way to do that?

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



Activity #3:

# MANAGER IN TRAINING

## WORKSHEET FOR STUDENTS

**Lesson Level:**

Grades 6-10

**Learning Objective:**

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

**Directions**

In this episode, we learn about the benefits of using a credit card wisely. Think carefully about how you would manage your first credit card.

1. After watching the episode, name one thing you should do to manage your first credit card wisely.

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2. If you believe that the interest rate on your credit card is too high, what can you do about it?

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3. How often should you check your credit report for mistakes, and why?

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4. What should you do if you think your credit card is lost or has been stolen?

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5. If your credit card has a limit of \$200, and you know that a good credit score can happen if you keep your balance to 30% or less of your available credit, then how much can you spend on that card without worrying about a poor score?

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6. If you can't make your minimum payment on time, what should you do?

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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.



# Debt: The Good, The Bad, & The Ugly

EPISODE #402

## LESSON LEVEL

Grades 6-10

## KEY TOPICS

- Debt management
- Budgets
- Compound interest

## LEARNING OBJECTIVES

1. Understand different types of debt.
2. Learn how budgets help your money serve you.
3. Become aware of compound interest.
4. Learn financial terms.

## EPISODE SYNOPSIS

In this episode you will learn about different types of debt - the good, the bad, and the ugly. Learn how to manage debt, the value of budgeting to stay out of debt, and what resources are available if you get too deeply in debt.

## 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 2:* Find and evaluate financial information from a variety of sources.
- Standard 4:* Make financial decisions by systematically considering alternatives and consequences.

Planning and Money Management

- Standard 1:* Develop a plan for spending and saving.

Credit and Debt

- Standard 1:* Identify the costs and benefits of various types of credit.
- Standard 3:* Describe ways to avoid or correct debt 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.

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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

In this episode you will learn about different types of debt - the good, the bad, and the ugly. Learn how to manage debt, the value of budgeting to stay out of debt, and what resources are available if you get too deeply in debt.

## Episode Preview Questions

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

- Do you have or want a credit card?
- Is there such a thing as “good debt,” and if so, what is it?
- Are you interested in saving yourself thousands of dollars in interest payments, as well as unnecessary stress?

## Next Steps

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

## Summary and Conclusion

With credit cards, it's easy to spend more than you make. Avoid the pitfalls of overspending by keeping a spending journal and sticking to a budget. Now you know all about debt: the good, the bad, and the ugly!

## Family Connection

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



# 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

- Lending and borrowing money has been around for a long time. In one famous cartoon, a character called Wimpy was always saying “For a hamburger today, I will gladly pay you Tuesday.” Can you think of other examples from television or movies of characters who are always borrowing money? Are these characters portrayed as negative, positive, or neutral? How does our modern society view debt - is it all the same, or do we prefer some types of debt over others?

## Mathematics

- Create a chart to compare the annual percentage rate interest between a payday loan, a credit card, and a bank loan. What conclusions can you draw from this chart?

## Economics

- How does the national debt of the United States affect the economy of our country? Why does it matter how much debt we have, and how does that affect our everyday life?

## 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 #1:

# BIZ TERM\$

## WORKSHEET FOR STUDENTS

### Biz Term\$

- Budget
- Compound interest
- Credit
- Debt
- Interest rate
- Loans
- Principal
- Risk
- Spending habits
- Unexpected expenses

### 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. \_\_\_\_\_ is the chance that injury, damage, or loss will occur.
2. A spending plan for managing money during a given period of time is a \_\_\_\_\_.
3. Earning interest on interest is \_\_\_\_\_.
4. \_\_\_\_\_ is the amount of money you owe to others.
5. The amount of money someone is willing to loan you is called the \_\_\_\_\_.
6. \_\_\_\_\_ is an amount of money loaned to you to be repaid at a later date.



Activity #2:

# DEBT AS LEVERAGE

## WORKSHEET FOR STUDENTS

**Lesson Level:**

Grades 6-10

**Learning Objective:**

Understand different types of debt.

**Directions**

In this episode, the Biz Kid\$ found out about debt. Some debts are called ‘good’ debts. This is because they provide short-term leverage to help you achieve a long-term goal that will (hopefully) put you in a better position financially in the long run.

1. You want to be a librarian. Modern librarians must have a Master’s degree in Library Science. This means you will need to go to college for 6 years after you finish high school. If college costs \$18,000 per year, and you take student loans to cover this cost, how much will you owe when you finish school? Is this a good use of debt? Why or why not? What are the risks?

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2. You want to buy a small beach cottage to rent out to tourists. You get a home loan with monthly payments of \$1,200. How much do you need to charge the tourists per week in order to cover your payments? How much should you charge them if you also want to earn a profit beyond just covering the payments? Is this a good use of debt? Why or why not? What are the risks?

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3. In your own words, describe the difference between good debt and bad debt.

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



Activity #3:

# COMPOUND INTEREST

## WORKSHEET FOR STUDENTS

**Lesson Level:**

Grades 6-10

**Learning Objective:**

Become aware of compound interest.

**Directions**

Explore the idea of compound interest by reading the table and answering the questions below.

Start with \$100	2% interest rate	5% interest rate
n = 1	\$102.00	\$105.00
n = 2	\$104.00	\$110.30
n = 3	\$106.10	\$115.80
n = 4	\$108.20	\$121.60
n = 5	\$110.40	\$127.60

1. The number 'n' represents the amount of time that has gone by since you invested your \$100 that you started with. If your compound interest is calculated monthly, then n=1 means that 1 month has passed. If your compound interest is calculated annually, then n=1 means that 1 year has passed. Which is better for you in this example, monthly or annual compounding? Why?

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2. Notice what happens in the first year. The 2% account has earned \$2 and the 5% account has earned \$5. Now look at the third year. The 2% account has earned more than \$6, and the 5% account has earned more than \$15. In your own words, explain why compound interest is more powerful the longer you let it work.

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3. Which will be worth more at the end of 10 years, \$100 that compounds at 2% per year, or \$10 that compounds at 2% per month? Future value = Present value \* (1 + interest)<sup>n</sup> where n is the number of times it has been compounded.

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



# BIZ TERMS DEFINITIONS

- *Budget*: A spending plan for managing money during a given period of time.
- *Compound interest*: Interest that is paid on interest that you have already earned.
- *Credit*: A loan of money from a financial institution which must be repaid by a certain date with interest.
- *Debt*: Something owed to another - an obligation to pay.
- *Interest rates*: 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.
- *Principal*: The amount of money loaned to you to be repaid at a later date.
- *Risk*: The probability that injury, damage, or loss will occur.
- *Spending habits*: The usual ways people spend their money.
- *Unexpected expenses*: Costs not planned for, such as accidents and emergencies.



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