



Cash and Credit

EPISODE #109

LESSON LEVEL

Grades 4-6

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

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.



FAMILY ACTIVITY SHEET

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.

Activity Suggestions

How does your family use cash and credit? Make a list together of things that you would be willing to use credit for, and things that you are not willing to put on credit.

Talk to your child about the items you personally have purchased on credit. Explain why credit was helpful in making those purchases. Discuss which items you pay for in cash, and why you choose to pay cash for those items.

Do research with your child to learn about credit bureaus and credit reports, and be sure you both know how to read a credit report. Talk about the temptations of credit, and discuss the serious consequences of misusing credit cards.



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 _____.



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 #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.

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

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

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

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?

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.



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