

# ***Consumer Education: Financial Literacy***

## Lesson 3: Borrowing Money

**Time of lesson:** Approximately 45 minutes

**Overview:** This lesson covers credit card basics and educates students about credit scores and reports. It also teaches students about student loans and the importance of using the federal student aid resources.

**Objectives:** Students will learn how credit works and what factors affect their credit score. Students will gain an understanding of student loans and different ways they can borrow money for college.

**Materials:**

- Lesson 3 PowerPoint
- Markers
- Poster Paper

**Activities:**

1. Credit Card Advertisements (homework)

Have students collect and bring in at least three different credit card offers (either offers they receive in the mail or find online). Ask them to read the terms and conditions to compare the interest rates and fees. Based on the terms and conditions in the offers, have them determine how much it would cost for a \$200 cash advance (assuming interest begins accumulating immediately).

2. Credit Cards and Credit Scores (group activity)

Have students play the role of credit card company executives, outlining the profile of the type of customer they want to attract. Ask them to explain why they think these customers would be best for their business.

3. Credit Scores (homework)

Ask students to develop a plan for establishing credit, including what steps they would take to achieve a good credit score in the future. Be sure they discuss how their plan would impact the various factors that impact their credit score (payment history, amount owed, length of credit history, new credit, and types of credit in use).

**Standards:**

Ohio Department of Education: Financial Literacy Academic Content Standards - Financial Literacy  
***Consumerism:***

Informed purchasing decisions are essential for responsible financial management. Limited protections against some consumer fraud exist in government regulatory agencies and laws. Ultimately, consumers must be informed and vigilant when making purchasing decisions.

Standards Updated: 6/12/2012