

Before You Choose a Credit Card Lesson Plan

Choosing the Right Credit Card

Objective:

To inform students about the subtle and not-so-subtle differences between credit cards and how to choose the right card for their individual needs.

Students will be able to:

- Identify different types of credit cards
- Evaluate the differences between credit offers
- Understand typical fees associated with credit accounts
- Calculate the minimum monthly payment required on a credit card
- Determine how to avoid finance charges

Common Core State Standards Initiative (CCSSI)

The CCSSI was developed by the Federal Government in an attempt to standardize learning practices across states and to assist students in being better prepared for college and higher education.

The CCSSI mission Statement:

The Common Core State Standards provide a consistent, clear understanding of what students are expected to learn, so teachers and parents know what they need to do to help them. The standards are designed to be robust and relevant to the real world, reflecting the knowledge and skills that our young people need for success in college and careers. With American students fully prepared for the future, our communities will be best positioned to compete successfully in the global economy.

Consumer Math Standards & Benchmarks

This lesson conforms to the “8 Standards for Mathematical Practice” as published by CCSSI :

Mathematical Practices

1. Make sense of problems and persevere in solving them.
2. Reason abstractly and quantitatively.
3. Construct viable arguments and critique the reasoning of others.
4. Model with mathematics.
5. Use appropriate tools strategically.
6. Attend to precision.

7. Look for and make use of structure.
8. Look for and express regularity in repeated reasoning

Teaching Materials:

- Lesson Plan
- Lesson Plan Content Document
- Assessment/Evaluation worksheet

Lesson Activity:

- Determine Prior Knowledge
 - How many different types of credit cards are there?
 - What typical horror stories have they heard about credit cards?
 - What types of behaviors might they expect to get them in financial trouble?
 - Are students aware of rewards programs? What kinds of programs have they heard of?
- Introduce/present **Lesson Content Document** (see attachment)
 - How might they look at a credit card as a useful tool?
 - Carry a balance vs. pay entire balance off each month
 - How do they see **spending habits** influencing their choice of card?
 - How many different **interest rates** can they name that can be attached to a credit card?
 - What is a **grace period**?
 - What is the **credit limit**?
 - How many **fees** are the students already aware of?
 - What are the different types of credit card accounts?
 - Can they decide which type of account is best for them?
 - What types of transactions would help them choose or change their mind?
- Introduce/present the **Finance Charge**.
 - How does the grace period affect the finance charge?
 - What is the difference between the **billing date** and the **payment due date**?
 - Understand that the **typical minimum payment due** is 2% of a balance.
 - They will learn how to calculate 2% of a balance.
 - Calculating a year's worth of interest; a month's worth of interest will show the difference in fees.
 - $\text{Balance} \times \text{Interest rate} = \text{Annual Interest}$
 - $(\text{Balance} \times \text{Interest Rate}) / 12 = \text{a month's worth of interest}$
 - What's a finance charge on balance transfers?
 - Explain an up-front, on-time percentage charged as a fee.
 - What is APR and how it affects the balance transfer offer.

- Rewards Programs
 - Discuss different types of rewards and how one is more useful than another.
 - How do their spending habits influence a rewards program choice?

- **Assessment/ Evaluation (See separate document)**