

Credit Score Lesson Plan

Credit Score & Why It's So Important

Objective:

To inform students about credit scores, their benefits and pitfalls. Guide students into responsible financial habits.

Students will be able to:

- Describe the five major components that make up a credit score.
- Describe the benefits of having a good credit score.
- Describe positive and negative behaviors that affect a credit score.
- Use the “Monthly Payment Formula” to calculate the monthly payments necessary to pay off a debt in a predetermined period of time.
- Calculate the payment schedule of a decreasing loan.

Consumer Math Standards & Benchmarks:

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.

This lesson conforms to the “Eight Standards for Mathematical Practice” as published by CCSS: :

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
- Credit Score Content Document
- Analytical Examples Document with Pre-Calculated Examples
- Assessment/Evaluation Worksheet

Lesson Activity:

- Determine Prior Knowledge
 - What exactly is a credit score?
 - How can a good credit score benefit you?
 - How can a good score turn bad?
 - How can a bad score hurt you?
 - What is the most important thing you can do to protect and/or improve your credit score?

- Introduce/present **Credit Score Content Document** (see attachment)
 - What exactly is a credit score?
 - How can a good credit score benefit you?
 - How is a credit score determined?
 - The FICO 5
 - Making Good Credit Decisions
 - How Bad Credit Decisions Can Cost You
 - Credit Reports and Their Role in Getting Hired for a Job
 - Tips for Building and Maintaining Good Credit

- Introduce/present **Analytical Examples Document** (see attachment)
 - How to Calculate a Monthly Payment
 - Monthly Payment Formula
 - Car purchase payment example
 - Car purchase payment exercise
 - How a Loan Gets Paid Off
 - How to calculate a loan payoff month by month.
 - What happens if we continue to charge on the card?
 - What happens if we continue to charge too much on the card?
 - Exercise: Discover the effects of charging too much on a card while trying to pay the balance off.
 - Deciding How to Finance a Purchase
 - Using multiple credit accounts, decide how best to structure a purchase to protect the credit score and improve it if possible.
 - Additional Computation Exercises
- **Assessment/ Evaluation** (see **Assessment document**)