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| **TEXAS CTE LESSON PLAN**  [www.txcte.org](http://www.txcte.org) | |
| **Lesson Identification and TEKS Addressed** | |
| **Career Cluster** | Human Services |
| **Course Name** | Dollars and Sense |
| **Lesson/Unit Title** | To Charge or Not to Charge |
| **TEKS Student Expectations** | **130.273. (c) Knowledge and Skills**  (3) The student demonstrates management of financial resources to meet the goals of individuals and families across the life span. The student is expected to:  (B) compare types of loans available to consumers and distinguish criteria for becoming a low-risk borrower  (C) connect mathematics to the understanding of interest, including avoiding and eliminating credit card debt |
| **Basic Direct Teach Lesson**  (Includes Special Education Modifications/Accommodations and  one English Language Proficiency Standards (ELPS) Strategy) | |
| **Instructional Objectives** | **Students will:**   * Explain the advantages and disadvantages of credit * Identify healthy credit versus unhealthy credit * Understand that the longer the term of a loan, the greater the cost in interest * Understand that credit obligates future income * List factors that affect a credit score |
| **Rationale** | In an instant gratification society, people want things now. They do not want to wait and save up for them. Many people make credit mistakes because they do not really understand the cost of credit. Credit should be used for big ticket items that could not be purchased without it. It should not be used for consumables that will be used up long before the bill is paid. Students need to understand when to charge and when to say “no” to the temptation to charge. |
| **Duration of Lesson** | Four 45-minute class periods |
| **Word Wall/Key Vocabulary**  *(ELPS c1a, c, f; c2b; c3a, b, d; c4c; c5b) PDAS II (5)* | **Credit:** Money made available to a borrower by a lender  **Credit limit:** The maximum amount of money the loaner agrees to lend  **Credit report:** A detailed report summarizing the history of purchases made on credit and payment history; details information including application for credit  **Credit score:** A number representing your ability to repay a loan  **Grace period:** A period of 25-30 days in which no interest is charged on a credit card if the balance is paid off  **Installment credit:** Monthly payments for a set length of time  **Interest:** Money paid for the use of someone else’s money  **Minimum payment:** The least amount the consumer must pay on revolving credit  **Mortgage:** A loan obtained to purchase real estate; a lien (legal claim) on the home or property that secures the promise to pay the debt  **Principal:** The amount of money owed on the loan (without the cost of interest)  **Revolving credit:** Open-ended credit which allows the person to charge an item, pay part or all of it off, then charge again; the cycle repeats itself like a revolving door |
| **Materials/Specialized Equipment Needed** | **Equipment:**   * Computer with projector for multimedia presentation * Computers with Internet access (be sure to follow district guidelines)   **Materials:**   * Calculators * Credit cards ads from magazines * File cards for words and definitions * Journals * Notebook to organize copies of the handouts * Pens * Play money * Samples of credit card applications * Copies of handouts   **PowerPoint:**   * To Charge or Not to Charge * Presentation Notes to Charge or Not to Charge   **Technology:**   * Free iPad App:   + BillGuard: Personal Finance app to track your money, budget, and bills<https://itunes.apple.com/us/app/billguard-personal-finance/id602710567?mt=8> * Infographic:   + The Truth About Short Term Loans Charges To illustrate the four viable options that are available to a UK individual, we have put together a visual graphic to illustrate exactly how much it costs to borrow an amount of money across four different lending options, authorized and unauthorized overdrafts, payday loans and credit cards.<http://epicafinance.com/the-truth-about-short-term-loan-charges-infographic/> * TED Talk:   + TEDxNewWallStreet – Douglas Merrill – New credit scores in a new world: Serving the underbanked Dr. Douglas C. Merrill is the founder and CEO of ZestCash, a financial services technology startup.<https://youtu.be/18CyX5sJx5I>   **Graphic Organizers:**   * KWHL Chart Using Credit Cards * Comparing Sources and Costs of Credit   **Handouts:**   * Credit Card Game * Credit Spending Worksheet * Credit Spending Worksheet (Key) * The Story of the Three Little Pigs – Jigsaw Activity * The Story of the Three Little Pigs- Jigsaw Activity (Key) * To Charge or Not to Charge Test * To Charge or Not to Charge Test (Key) |
| **Anticipatory Set**  (May include pre-assessment for prior knowledge) | **Prior to class:**  Note to Teacher: More information on finances can be found in these courses:   * Interpersonal Studies * Financial Obligations Throughout the Family Life Cycle * Dollars and Sense * Take It to the Bank * Personal Money Management * Managing Your Finances   Refer to Practical Money Skills for grades 9-12 for additional lesson plans, resources, and activities. Educators can use the 22 free, standards-aligned lessons in sequence or on an individual basis.<https://www.practicalmoneyskills.com/foreducators/lesson_plans/highschool.php>  Display as many of the lesson-related supplies (see Materials or Specialized Equipment Needed) as you have available on a table in front of the room.  Become familiar with PowerPoints, handouts, and activities. Print and cut out the following sections of The Story of the Three Little Pigs – Jigsaw Activity. The story will be used during Direct Instruction.  Below are four anticipatory set activities to use throughout the lesson. Prior to beginning this lesson, please review, preview, and select the appropriate activity.  As students enter the classroom, ask them to pretend they have unlimited credit. Have them make a list on a piece of paper or in their journal of everything they would buy with their unlimited credit. After they have made their lists, talk to them about how credit is not free. It costs us money in interest to borrow money. Credit should only be used for investments or tools to earn a living. A credit card may be used occasionally for convenience or for an emergency, but there should be a plan in place to pay off the credit card within three months. Have them look at their list and ask them to underline the items that would be appropriate to purchase with credit. |
| **Direct Instruction \*** | Introduce lesson objectives, terms, and definitions.  **Teacher script:**  Learning about credit and the consequences of the misuse of credit is an extremely important life lesson. Poor use of credit can minimize your income. In this lesson, we will learn that there are times when credit allows us to purchase items we could not otherwise purchase, but it should not be used just to satisfy a whim or want.  Distribute handout Slide Presentation Notes. Students will be expected to take notes while viewing the slide presentation. Teacher will determine the notes to be recorded by students.  Introduce PowerPoint To Charge or Not to Charge. Allow time for questions and discussion.  Use appropriate notes from Presentation Notes for To Charge or Not to Charge for discussion.  Teacher Instructions:  Print and cut out the sections of The Story of the Three Little Pigs – Jigsaw Activity. Divide students into eight (8) small groups and pass out the story sections and vocabulary list. Have each group work together and fill in the blanks of their assigned section. Randomly call on each group and have them read their story section to the class and place their story section on a timeline on the board or wall. As each section is read, the class can select to move the position of the previously read sections. Once all sections are posted on the timeline/wall correctly, select a student(s) to read the entire story. The story provides a great deal of information and terms they can use as a reference. The information in this story will be useful to study in preparation for taking the To Charge or Not to Charge Test during Summative/End of Lesson Assessment.  *Individualized Education Plan (IEP) for all special education students must be followed. Examples of accommodations may include, but are not limited to:*   * encouraging participation * praising students * providing students with a copy of slide presentations |
| **Guided Practice \*** | Distribute the handout Credit Card Game. Have the students keep a tally of their expenditures they select from the scenarios. Allow for questions and discussion.  Distribute Credit Spending Worksheet. The students will complete the worksheet. This is a review and reinforcement. They will find many of the answers from The Story of the Three Little Pigs – Jigsaw Activity or the PowerPoint, but if possible, have them use a credit calculator. If computers for each student are not available, the teacher should do the problems using a data projector so students can be familiar with a credit calculator.  *Individualized Education Plan (IEP) for all special education students must be followed. Examples of accommodations may include, but are not limited to:*   * encouraging participation * praising student * providing students with a copy of the slide presentations * providing peer tutoring * allowing extra time |
| **Independent Practice/Laboratory Experience/Differentiated Activities \*** | Have students select one item to purchase and compare credit costs and considerations from three sources. For example, if a student selects a $2,500.00 laptop, possible credit sources could be the store that sold the computer, a secured loan from a credit union, or charging it on a credit card. Have students complete Comparing Sources and Costs of Credit.  The students must select three possible sources of financing the item. Their research must include:   * down payment amount * total amount financed * annual percentage rate * monthly payment amounts * total interest charges * additional comments related to the comparison   Lead students to report and discuss their findings.  *Individualized Education Plan (IEP) for all special education students must be followed. Examples of accommodations may include, but are not limited to:*   * encouraging participation * praising student * providing a student with a chart to complete research * allowing to work with a partner * allowing student to complete assignment at home * allowing extra time |
| **Lesson Closure** | Review lesson objectives, terms, and definitions  Students will complete the KWHL Chart – Using Credit Cards section labeled L.  L – What did I learn about using credit cards?  Ask the students the following questions:   * Compare advantages and disadvantages of using credit. * What items should credit be used for and what items should you avoid using credit for? * How do you prevent identity theft? * What can you do to make sure you have a good credit rating?   How does credit obligate future income? |
| **Summative/End of Lesson Assessment \*** | Assessments during lessons:  Credit Card Game Credit Spending Worksheet Comparing Sources and Costs of Credit  Distribute to Charge or Not to Charge Test. Use to Charge or Not to Charge Test (Key) to grade the end-of-lesson assessment.  *Individualized Education Plan (IEP) for all special education students must be followed. Examples of accommodations may include, but are not limited to:*   * providing students with guiding questions * checking for understanding * extending time * modifying test if IEP calls for modification |
| **References/Resources/**  **Teacher Preparation** | **Images:**   * Microsoft Clip Art: Used with permission from Microsoft.   **Textbooks:**   * Lowe, Ross. *Consumer education and economics*. 6th ed. N.p.: Glencoe/McGraw Hill, 2006. Print. * Madura, Jeff, Mike Casey, and Sherry J. Roberts. *The financial plan. personal financial literacy*. Boston: Pearson, 2010. 23-29. Print.   **Websites:**   * Credit Basics A website with information on saving and investing.<http://moneymattersmakeitcount.com/CREDITDEBT/Pages/CreditBasics.aspx> * Mortgage Rates, Home Loans, Refinancing, Credit Cards, CD Rates with Personal Finance Advice Information on all banking services including an interest calculator.<http://bankrate.com/> * The Leading Practical Money Skill Site on the Net Interactive games concerning budgeting, banking, credit, and money management.<http://www.practicalmoneyskill.com/foreducators/lessonplans/highschool.php> |
| **Additional Required Components** | |
| **English Language Proficiency Standards (ELPS) Strategies** | * Word wall * Writing words on the wall when doing the fill-in-the-blanks of The Story of the Three Little Pigs * Shortened modified test * Peer tutor * Extended time on assignments |
| **College and Career Readiness Connection[[1]](#footnote-1)** |  |
| **Recommended Strategies** | |
| **Reading Strategies** | Current Events: Assign students to read about credit information and money matters. Information can be found in newspaper articles, magazines, journals, and online print. Suggestions:   * Coping with Debt<http://www.consumer.ftc.gov/articles/0150-coping-debt> * Shopping and Saving<http://www.consumer.ftc.gov/topics/shopping-saving> * Credit and Loans<http://www.consumer.ftc.gov/topics/credit-and-loans>   Encourage students to use the Internet to learn more about credit and use interest calculators. This will help them understand how much they have to pay when they borrow money.  The Internet is a great source of information concerning credit. |
| **Quotes** | The safe way to double your money is to fold it over once and put it in your pocket. **-Frank Hubbard**  We can tell our values by looking at our checkbook stubs. **-Gloria Steinem**  My problem lies in reconciling my gross habits with my net income. **-Errol Flynn**  Car sickness is the feeling you get when the monthly payment is due. **-Author Unknown**  Inflation hasn’t ruined everything. A dime can still be used as a screwdriver. **-Quoted in P.S. I Love You, compiled by H. Jackson Brown, Jr.** |
| **Writing Strategies**  **Journal Entries + 1 Additional Writing Strategy** | **Journal Entries:**   * When should you obligate your future income? * Should credit be used for consumable items? Explain your answer. * What are advantages of having a credit card? * Compare your credit report to your report card. How are they similar or different?   **Writing Strategy:**  RAFT Writing Strategy RAFT (Role/Audience/Format/Topic) writing strategy:   * Role: Parent * Audience: High school student * Format: E-mail letter * Topic: The importance of having a good credit score |
| **Communication**  **90 Second Speech Topics** | * What steps you can take to avoid too much credit. * What should you look for before you sign a credit application? * When should you use credit? |
| **Other Essential Lesson Components** | |
| **Enrichment Activity**  (e.g., homework assignment) | * Students can visit a bank or mortgage company and interview a loan officer about getting pre-approved for a mortgage loan. * TED Talk: TEDx is a program of local, self-organized events that bring people together to share a TED-like experience. At a TEDx event, TEDTalks videos and live speakers combine to spark deep discussion and connection in a small group. These local, self-organized events are branded TEDx, where x = independently organized TED event. The video below is related to this lesson. Allow students to view the video and lead a discussion concerning the TED Talk.   TEDxNewWallStreet – Douglas Merrill – New credit scores in a new world: Serving the underbanked Dr. Douglas C. Merrill is the founder and CEO of ZestCash, a financial services technology startup.<https://youtu.be/18CyX5sJx5I> |
| **Family/Community Connection** | Discuss credit usage within the family household.  Ask a representative from a local bank or credit union to speak to students about credit.  Invite a representative from a local credit bureau to speak to the class about the importance of maintaining a good credit score and ways to do so. Ask the speaker to share general examples of common mistakes young people make that damage their credit score and give suggestions for effective use of credit. Have the speaker also explain consumers’ rights to view their own credit file and how to access one’s credit report. |
| **CTSO connection(s)** | Family, Career, and Community Leaders of America (FCCLA)<http://www.texasfccla.org/>  **National Program: Financial Fitness:**  The FCCLA Financial Fitness national peer education program involves youth teaching one another how to make, save and spend money wisely. Through FCCLA’s Financial Fitness program, youth plan and carry out projects that help them and their peers learn to become wise financial managers and smart consumers. |
| **Service Learning Projects** | Successful service learning project ideas originate from student concerns and needs. Allow students to brainstorm about service projects pertaining to lesson. For additional information on service learning see<http://www.ysa.org/>  Collaborate a food drive at school with all the CTSO’s and donate all food collected to a local food bank to help those in financial need. |

1. Visit the Texas College and Career Readiness Standards at <http://www.thecb.state.tx.us/collegereadiness/CRS.pdf>, Texas Higher Education Coordinating Board (THECB), 2009. [↑](#footnote-ref-1)