



# Credit \$marts: Helping You Become Credit \$avvy

Updated: January 2010

## Teaching Guide\*

This guide is intended to provide you with information about implementing these materials into “lessons” for your students. The program is designed to be flexible. You may choose to use some worksheets and not others. This guide is designed to help you select which materials “best” fit into your class schedule.

### Student Materials

#### Item 1: **Understanding Credit**

This fact sheet provides information on advantages and disadvantages of using credit. Also included is a worksheet for students to decide whether credit is a good way to make a purchase.

#### Item 2: **“Taking Credit Cards by the Horns” worksheet**

This worksheet provides you with the opportunity to measure the students’ general knowledge of credit card terminology. It can be used before the lesson to assess students beginning knowledge, after the program to assess their ending knowledge level or both to measure knowledge gained. The answers are provided in the “Teacher’s Answer Key” on page 5.

#### Item 3: **“Credit Card Trivia” worksheet**

This worksheet is designed to spark the interest of your students in a game-like setting. You may want to have each student complete the “My Guess” column of the trivia worksheet for all 10 questions by themselves or in groups before you present the PowerPoint presentation. Or, you may want to have each student complete the “My Guess” column one question at a time in conjunction with the team activity portion of the PowerPoint presentation. The answers are provided in the “Teacher’s Answer Key” on page 5 and within the PowerPoint presentation at [www.creditsmarts.montana.edu/presentations.html](http://www.creditsmarts.montana.edu/presentations.html).

#### Item 4: **Slide Calculator**

The two sided Credit Card Smarts™ calculator will allow your students to work through all of the examples included in the packet. The calculator can also be used by students if you want them to work through examples you develop or real situations their friends or family may be experiencing.

\* Developed by: Marsha Goetting, Extension Family Economics Specialist; Joel Schumacher, Extension Economics Specialist; Karen Smith, Montana Credit Unions for Community Development; Kelly Bruggeman, First Interstate BancSystem Foundation

**Side one** (orange) “Cost of Delay Calculator” displays the total payments, total interest charges and the years in debt if a cardholder makes only the minimum payment (3%) each month. **Side two** (blue) “Booster<sup>®</sup> Calculator” displays the payment amount (monthly), years in debt, interest paid and interest saved when payments of 3%, 4% and 6% are made each month. One homework assignment idea...have the students take the slide calculators home during the week to demonstrate its use with three to five adults.

#### Teaching Note:

You may notice in the bottom section of side two (blue) of the slide calculator that the interest accumulated over the life of a \$1,000 balance is \$971 based on the “Tempted to Buy More on Your Credit Card” section of the slide calculator. However, all other sections of the slide calculator show that the interest accumulated over the life of a \$1,000 balance to be \$684 when paying the minimum 3% payment. The reason for this difference is because of the assumptions that are made when calculating the minimum payments. Side one (orange) of the slide calculator assumes that you have no other balance on the credit card (other than \$1,000) and that if the calculated minimum payment ever drops below \$15 then a \$15 payment will be made. These assumptions reflect the cost to a credit card holder that had no credit card balance prior to the \$1,000 purchased.

The “Tempted to Buy More on Your Credit Card” section, side 2 (blue) assumes that you already have a \$500 balance on the credit card. By making this assumption the borrower is then required to make only the 3% minimum payment (attributable to the \$1,000) which will be less than the \$15 minimum in months when the principle balance (attributable to the \$1,000) is less than \$500. These assumptions reflect the cost to a credit card holder that already had a credit card balance prior to the \$1,000 purchased.

#### Item 5: “**Situation**” worksheets (3)

Three different situation worksheets are provided requiring students to use the Credit Card Smarts<sup>™</sup> Calculator. The situations in the worksheets are represented by Mary, Matt and a couple who are about to be married (Chris and Bethany). Answers are provided for these worksheets in the “Teacher’s Answer Key” on page 5 and in the PowerPoint presentation.

#### Item 6: “**Tempted to Buy More on Your Credit Card**” worksheet

This worksheet is based on the information on side two (blue) (lower 1/3) of the Credit Card Smarts<sup>™</sup> Booster<sup>®</sup> calculator. This worksheet could be used as an in-class project or as a take-home project. The correct answers are provided in the “Teacher’s Answer Key” on page 5.

#### Item 7: “**The Case of the Missing Money, \$920 Snack and Where Can I Find Money to Boost My Monthly Credit Card Payment!**” worksheet

This worksheet will help students identify “missing money” that could be used to increase their credit card payments or to meet other financial goals. This worksheet is also an excellent example of general money management issues that students often face on a daily basis.

### Item 8: “Credit Card Tracker” information sheet

The Credit Card Tracker is a tool that students can use to help track their credit card purchases similar to a check register. It also provides a place to write down rules for when a credit card should and should not be used. The Credit Card Tracker can also be used to track *cash* and *debit* card expenses.

### Item 9: PowerPoint Presentation

The PowerPoint presentation can be used with the trivia worksheet, situational worksheets (Matt, Mary, Chris and Bethany) and the Credit Card Smarts™ calculator. Download at [www.creditsmarts.montana.edu/presentations.html](http://www.creditsmarts.montana.edu/presentations.html). **Be sure to use the 3% presentation.**

These slides include an optional team activity based on the trivia worksheet. If you don't have time to include the team activity or choose to use the trivia worksheet as a stand alone worksheet, simply delete slides 7-28 and slide 88.

Beginning with slide 29, an example is presented to give students the opportunity to learn how to use the Credit Card Smarts™ calculator. The example presented in slides 29-37 will allow students to become familiar with using the slide calculator to complete three situational worksheets (Matt, Mary, and Chris and Bethany).

Slides 38-47 provide an example of how “the minimum payment trap” can happen. These slides show the interest and principle payments for three months.

Slides 48-83 are designed to be used in conjunction with the three worksheets (Matt, Mary, and Chris and Bethany). You may want to ask your students to find a partner for these worksheets.

### Item 10: Teacher’s Answer Key

The teacher’s answer key on page 5 provides an answer key for the three situation worksheets (Matt, Mary, and Chris and Bethany), “Credit Card Trivia,” “Tempted to Buy More on Your Credit Card,” and “Taking Credit by the Horns.”

### Organization

We designed the program to be flexible enough to allow you to determine which parts fit into your lesson plans. Here are a few possible suggestions for presenting the materials.

### Lesson Plan #1 (with the PowerPoint Presentation)

1. Ask students to form small groups to complete the “My Guess” column of the “Credit Card Trivia” worksheet.
2. Use the PowerPoint presentation to present the answers to the trivia questions and to allow the students to complete the three situation worksheets (Matt, Mary, and Chris and Bethany).
3. Complete the “Tempted to Buy More on Your Credit Card” worksheet as a class activity.
4. Present “The Case of the Missing Money...” worksheet and suggest that the students complete page two as a take-home activity. You may also suggest that they complete page two with their parents/guardians.

5. Explain how the “Credit Card Tracker” can be used by students.
6. Give students the “Taking Credit Cards by the Horns” worksheet as a homework assignment.

### Lesson Plan #2 (without the PowerPoint Presentation)

1. Use the “Credit Card Trivia” and “Taking Credit Cards by the Horns” as classroom discussion worksheets, allowing students to earn “points” by answering questions correctly.
2. Work through one of the situation worksheets to allow students to get familiar with using the Credit Card Smarts™ calculator. Assign the students the other two situation worksheets for individual in-class worksheets or homework.
3. Present “The Case of the Missing Money...” and ask your students to write down any missing money they may identify.
4. Explain the “Credit Card Tracker” to the students and ask them to share the information with other family members. Request they order free additional copies from the Web site provided on the description sheet.

### Summary

Please feel free to use any part of this material in your classroom in any format you feel will meet your needs. Some teachers may choose to present all the material at one time and others may want to use the material as a series of lessons. In any case, we hope the materials in the program will help you teach your students to become Credit Savvy.

Don't forget to return your students' evaluation forms. Thank you!

#### **Marsha A. Goetting**

Professor & Extension Family Economics Specialist  
Montana State University  
goetting@montana.edu

#### **Kelly Bruggeman**

Executive Director  
First Interstate BancSystem Foundation  
kbruggeman@fib.com

#### **Joel Schumacher**

Extension Economics Specialist  
Montana State University  
jschumacher@montana.edu

#### **Karen Smith**

Director of Outreach Services  
Montana Credit Unions for Community Development  
karen@mcun.org

### **Sponsored by:**



*The MSU Extension Service is an ADA/EO/AA/Veteran's Preference Employer and Provider of Educational Outreach.*

## Teacher's Answer Key

### Taking Credit Cards by the Horns

- |      |      |
|------|------|
| 1. c | 6. d |
| 2. g | 7. e |
| 3. i | 8. b |
| 4. a | 9. f |
| 5. h |      |

5. 1.5%
6. \$30
7. \$40
8. 6 years
9. \$219
10. \$60; 4 years
11. \$399

### Credit Card Trivia

1. 83%
2. \$2,327
3. 21%
4. \$20,402
5. \$17,140
6. \$3,262
7. 8
8. \$10,728
9. 18.9%
10. 35%

### Chris and Bethany:

Total Combined Debt: \$5,000

1. \$9,567
2. \$4,567
3. 16 years
4. 18%
5. 1.5%
6. \$150
7. \$200
8. 11 years
9. \$1,759
10. \$300; 7 years
11. \$2,975

### Situations

#### Matt:

Total debt: \$9,000

1. \$17,451
2. \$8,451
3. 19 years
4. 18%
5. 1.5%
6. \$270
7. \$360
8. 13 years
9. \$3,299
10. \$540; 8 years
11. \$5,552

### Tempted to Buy More on Your Credit Card

1. a. \$486  
b. \$986
2. a. \$97  
b. \$197
3. a. \$49  
b. \$99

#### Mary:

Total Debt: \$1,000

1. \$1,684
2. \$684
3. 8 years
4. 18%

