NEXT GEN PERSONAL FINANCE

[RETIRED] 9-Week Course
5: Types of Credit
Unit Plan for Teachers

NOTE: Vocabulary can be found on the Unit Review Page and in the NGPF Personal Finance Dictionary

All lessons are approximately 45 minutes long.

	Lesson title and learning objectives	*Resources*	*Jump$tart Standards*
5.1	**Intro to Credit** Students will be able to • Explain why a person may need or want credit • Identify the major types of credit and their characteristics • Understand the three basic components of lines of credit: principal, interest rate, and term	Lesson guide Student Activity Packet	Managing Credit • 1b: Compare the cost of borrowing $1,000 by means of different consumer credit options • 2a: Give examples of unsecured and secured loans • 13b: Discuss the costs and benefits of using alternative financial services relative to traditional banking • 13c: Explain how using payday loans can cause a cycle of debt
5.2	**How Credit Cards Work** Students will be able to • Explain how a credit card works in terms of making purchases and managing payments • Read a Schumer box and identify how terms of the card impact total cost of purchases • Understand how interest is charged and how to avoid or minimize it	Lesson guide Student Activity Packet	Managing Credit • 1a: Explain how credit card grace periods, methods of interest calculation and fees affect borrowing costs • 2c: Compare what happens if a borrower fails to make required payments on a secured loan, such as an auto loan or a home mortgage, versus failing to pay a credit card account • 10a: Describe how failing to repay a loan can negatively impact a person's finances and life
5.3	**Young People & Credit Cards** Students will be able to • Enumerate the differences between debit and credit cards • Identify at least 3 ways a young adult can gain access to a credit card, even before they are 21 • Explain why a secured credit card is an excellent way to build credit	Lesson guide Student Activity Packet	Managing Credit • 1a: Explain how credit card grace periods, methods of interest calculation and fees affect borrowing costs • 8b: Explain how a borrower's credit score can impact their cost of credit and their ability to get credit • 8c: Recommend ways that a person can increase their credit score

	• Read a credit card monthly statement		
5.4	**Loan Fundamentals** Students will be able to • Differentiate between amortized installment loans and revolving credit lines • Read an amortization table and understand how the payments are structured • Consider whether taking out a loan is a good or bad idea in a given circumstance	Lesson guide Student Activity Packet	Managing Credit • 1b: Compare the cost of borrowing $1,000 by means of different consumer credit options • 10c: Create a plan for a person who is having difficulty repaying debt
5.5	**Understanding Auto Loans** Students will be able to • Calculate how much an auto loan will cost given special offers as well as standard factors such as down payment, APR, and term • Compare auto loan offers and decide how they fit within your budget • Negotiate with car salespeople to get the best deal	Lesson guide Student Activity Packet	Spending • 4c: Summarize how negotiation affects consumer decisions and the price of goods and services Managing Credit • 1b: Compare the cost of borrowing $1,000 by means of different consumer credit options
5.6	**Student Loan Repayment** Students will be able to • Identify steps they can take to prepare for student loan repayment • Understand the different loan repayment options available • Analyze sample graduate profiles and choose the repayment option that works best in the context of an individual's situation	Lesson guide Student Activity Packet	Managing Credit • 1b: Compare the cost of borrowing $1,000 by means of different consumer credit options • 4a: Describe the different sources of funding for postsecondary education • 5a: Compare federal and private student loans based on interest rates, repayment rules, and other characteristics • 5d: Predict the potential consequences of deferred payment of student loans
5.7	**Financial Pitfalls** Students will be able to • Take precautions to avoid having their identity stolen • Appreciate the dangers of payday lending and identify payday lending laws in their state • Develop strategies for eliminating debt should they find themselves accumulating a lot of it	Lesson guide Student Activity Packet	Managing Credit • 10c: Create a plan for a person who is having difficulty repaying debt • 13b: Discuss the costs and benefits of using alternative financial services relative to traditional banking • 13c: Explain how using payday loans can cause a cycle of debt Managing Risk • 11c: Recommend strategies to reduce the risk of identity theft and

			financial fraud