



## Financial Literacy: Credit Card Lesson Plan

### Connections to Financial Literacy

#### Credit Cards costs, advantages, benefits....

- understanding how a credit card work;
- consumer awareness;
- planning for the future.

#### Grade 7 (Math, Media, and French)

#### Curriculum Expectations

#### Reading For Meaning:

##### Language :

- Reading a variety of printed texts
- Identify a variety of purposes for reading
- identify a variety of comprehension strategies

##### Media:

- Demonstrate and create a media text using appropriate forms and techniques

#### Subject/Course Code/Title/Curriculum Policy

#### Learning Goals

At the end of this lesson, students will know, understand and/or be able to recognize and find the benefits and costs of having a credit card. They will calculate the monthly fees and include the annual service charges.

Define terms: annual fee, finance charge, grace period, period rate, transaction fee, calculation of finance charges

read, interpret, and draw conclusions from primary data

Explique les avertissements. Qu'est-ce que les companies de credit veu faire avec les avertissements? A qui parlent-t-ils? Comment attirent-ils l'interet des jeunes?



**Mathematics:**

**Number Sense and Numeration**

**Quantity Relationships:**

- Represent and order integers
- Select and justify the most appropriate representation of a quantity

**Operational Sense:**

- Demonstrate an understanding of the addition and subtraction of decimals and integers
- Use estimation when solving problems involving operations with whole numbers, decimals and percents
- Solve multi-step problems arising from real-life contexts and involving whole numbers and decimals

**Proportional Relationships:**

- Demonstrate an understanding of rate of comparison of two measurements with different units
- Solve problems involving the calculation of unit rates

**French:**

Explique les avertissements. Qu'est-ce que les companies de credit veul faire avec les avertissements? A qui parlent-ils? Comment attirent-ils l'interet des jeunes?

<p><b>Readiness</b> Link back.</p> <p>List what students need to know and be able to do before beginning new learning.</p> <p>This includes what they need to know and be able to do in order to</p> <ul style="list-style-type: none"> <li>eliminate lengthy digressions to fill in necessary knowledge and skills</li> <li>ensure students' success in the lesson.</li> </ul> <p>The lesson may include an initial subtask intended to identify students' prior knowledge and skills (e.g., diagnostic activity).</p> <p><b>Terminology</b> List key terms that are used in the lesson as either a conceptual learning focus or a functional, shared vocabulary.</p>	<p><b>Materials</b></p> <p><b>Vocabulary</b> Word wall of credit card terms Visuals of credit cards from the media Comparison charts (graphic Background – Why are there credit cards?– Difference between bank cards and credit cards</p> <p><b>Activity 1 Lesson 1:</b> Credit Cards– What are they?</p> <p><b>Activity 1 Lesson 2:</b> Reading and Understanding a Credit Card Statement</p> <p><b>Activity 1 Lesson 3:</b> Credit Cards – Incentive programs- Deals and Incentives. What separates the different types.</p> <p><b>Activity 2 Culminating Task:</b> Create/design your own credit card (graphics) include rewards incentives and service charges</p> <p>Facture de carte de credit – Comment faite-vous le lire? - Comparison des Taux d'interet. - Cartes de Credits – Programmes d'incentive – avantages</p>
<p><b>Minds On</b></p> <ul style="list-style-type: none"> <li>Establishing a positive learning environment</li> <li>Connecting to prior learning and/or experiences</li> <li>Setting the context for learning</li> </ul> <p><b>Activity 1, Lesson 1:</b> Students will become familiar with the history of credit cards and familiar with terms associated with credit cards</p>	<p><b>Connections</b></p> <p>Explicitly label:  Assessment <b>for</b> learning</p> <p> Assessment <b>as</b> learning</p> <p> Assessment <b>of</b> learning</p> <p> Explicitly identify planned differentiation of content, process, or product based on readiness, interest, or learning</p>
<p><b>Whole Class and Groups⇒ Questions: Activate Prior Knowledge and encourage students to ask questions</b></p> <p><b>Description:</b> On a placemat in groups of 3 to 4, students brainstorm to answer the following questions: 1. Name as many credit cards as you can.</p>	<p><b>Guiding Questions:</b> <i>You have seen images in television, magazines and the internet about credit cards. What do you know about credit cards?</i></p> <p><b>Assessment:</b> Observational and informative</p>

<p>2. Why do you think that there are so many credit card companies out there?</p> <p>3. Do you think that credit cards charge high or low interest rates?</p> <p>Then, each group presents findings with teacher writing down common themes</p>	<p><b>D.I.</b> Placemat and think pair and share</p>
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**Action!**

- ♦ Introducing new learning or extending/reinforcing prior learning
- ♦ Providing opportunities for practice and application of learning (guided > independent)

<p><b>Whole Class ⇒ Name of Activity and/or Strategy</b></p> <p><b>Description</b></p> <ul style="list-style-type: none"> <li>▪ Show PowerPoint <a href="http://www.in.gov/dfi/CreditCardMini.ppt">www.in.gov/dfi/CreditCardMini.ppt</a></li> <li>▪ Need to modify as it is American</li> </ul> <p>Explanation of credit, brief history, explanation of terms</p>	<p><b>Guiding Questions:</b> <i>Pay attention to the PowerPoint and make note of all points of interest</i></p> <p><b>Assessment:</b> Observational and informative</p> <p><b>D.I.</b> Oral/visual Listening</p>
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**Consolidation**

- ♦ Providing opportunities for consolidation and reflection
- ♦ Helping students demonstrate what they have learned

<p><b>Whole Class ⇒ Demonstrate what students have learned through the presentation</b></p> <p><b>Description:</b></p> <p>On sticky notes all students are to put a “Parking Lot” question that they have on credit cards to put on chart</p> <p>Next day: teacher will address 3 of the questions taken from the parking lot.</p>	<p><b>Guiding Questions:</b> <i>Turning back to your placemats, can you see where you were misinformed? What can we do as a group to give you a better understanding of credit cards?</i></p> <p><b>Assessment:</b> Observational and informative</p>
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<p><b>Minds On</b></p> <ul style="list-style-type: none"> <li>♦ Establishing a positive learning environment</li> <li>♦ Connecting to prior learning and/or experiences</li> <li>♦ Setting the context for learning</li> </ul> <p><b>Activity 1 Lesson 2: Students will become familiar with reading of credit card statements</b></p>	<p><b>Connections</b></p> <p>Explicitly label:</p> <p> Assessment for learning</p> <p> Assessment as learning</p> <p> Assessment of learning</p> <p> Explicitly identify planned differentiation of content, process, or product based on readiness, interest, or learning</p>
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<p><b>Whole Class and Groups</b>⇒ <b>Questions: Activate Prior Knowledge and encourage students to ask questions</b></p> <p><b>Description:</b></p> <ul style="list-style-type: none"> <li>Post a problem and as a whole class solve the problem</li> <li><a href="http://www.getsmarteraboutmoney.ca/education-programs/for-teachers/curriculum-tools/funny-money-program/Funny-money-tool-kit/Documents/funny-money-toolkit-understanding-credit.pdf">http://www.getsmarteraboutmoney.ca/education-programs/for-teachers/curriculum-tools/funny-money-program/Funny-money-tool-kit/Documents/funny-money-toolkit-understanding-credit.pdf</a></li> <li>go to page 3 and identify parts of the credit card statement.</li> </ul> <p>The teacher will model how to calculate a credit card payment.</p>	<p><b>Guiding Questions:</b>  <i>It's the end of the month. You have just received your first credit card statement. Now what does it mean? How much do you owe? How much do you have to pay?</i></p> <p><b>Assessment:</b>  Observational and informative</p> <p><b>D.I.</b>  Problem Solving Strategies using a realistic problem</p>
<p><b>Action!</b></p> <ul style="list-style-type: none"> <li>Introducing new learning or extending/reinforcing prior learning</li> <li>Providing opportunities for practice and application of learning (guided &gt; independent)</li> </ul>	
<p><b>Whole Class</b> ⇒ <b>Name of Activity and/or Strategy</b></p> <p><b>Description:</b></p> <ul style="list-style-type: none"> <li>Provide each group with a sample problem involving a credit card purchase</li> <li>Jose wants to buy a stereo for \$650 and pay for it using a credit card that has an Annual Percentage Rate of 19.85% and a periodic interest rate of 1.65%.</li> <li>If Jose wants to make the minimum monthly payment of \$21.45:</li> <li>How long will it take him to pay for the stereo?</li> <li>What is the total amount Jose will pay for the stereo?</li> <li>What is Jose's total cost of using credit?</li> <li>How do you know your answers are correct?</li> </ul>	<p><b>Guiding Questions:</b>  <i>What percentage rates are being charged? What is the balance on Jose's credit card after he makes the minimum monthly payment?</i></p> <p><b>Assessment:</b>  Observational</p> <p><b>D.I.</b>  Problem Solving Strategies using a realistic problem</p>
<p><b>Consolidation</b></p> <ul style="list-style-type: none"> <li>Providing opportunities for consolidation and reflection</li> <li>Helping students demonstrate what they have learned</li> </ul>	
<p><b>Whole Class</b> ⇒ <b>Demonstrate what students have learned through the presentation</b></p> <p>Description</p> <p>Gallery Walk Students will share and compare their problem solving providing feedback when necessary</p>	<p><b>Guiding Questions:</b>  <i>What strategies were used to solve the problem? What mathematical and financial literacy terms were used and how did these words assist in solving the problem? Does the answer make sense?</i></p> <p><b>Assessment:</b></p>

<p><a href="#">Get it on credit   Managing debt   Investor Education Fund</a></p> <p>Next day: teacher will address 3 of the questions taken from the parking lot.</p>	<p>Accuracy in solving the problem (use of financial and mathematical terms and solving the equation).</p>
<p><b>Minds On</b></p> <ul style="list-style-type: none"> <li>◆ Establishing a positive learning environment</li> <li>◆ Connecting to prior learning and/or experiences</li> <li>◆ Setting the context for learning</li> </ul> <p><b>Activity 1, Lesson 3: Students will become familiar different types of credit cards and their incentives. In pairs, they will design their own credit card</b></p>	<p><b>Connections</b></p> <p>Explicitly label:</p> <p> Assessment for learning</p> <p> Assessment as learning</p> <p> Assessment of learning</p> <p> Explicitly identify planned differentiation of content, process, or product based on readiness, interest, or learning</p>
<p><b>Whole Class and Groups - Questions: Activate Prior Knowledge and encourage students to ask questions</b></p> <p>During a computer lab time, students will visit <a href="http://www.creditcards.ca">www.creditcards.ca</a> and complete the attached chart to compare three different types of credit cards. Each pair will share their results with the class.</p> <p><a href="http://practicalmoneyskills.ca/foreducators/lessonplans/plans/activities/bankCredit/s_lesson08_creditcards_100709.pdf">http://practicalmoneyskills.ca/foreducators/lessonplans/plans/activities/bankCredit/s_lesson08_creditcards_100709.pdf</a></p> <p>See page 5.</p>	<p><b>Guiding Questions:</b></p> <p><i>I wonder what some of the differences between credit cards are? Why are there differences? Why are some credit cards more appealing than others? What makes them appealing?</i></p> <p><b>Assessment:</b></p> <p>Observational and informative</p> <p><b>D.I.</b></p> <p>Placement and think pair and share</p>
<p><b>Action!</b></p> <ul style="list-style-type: none"> <li>◆ Introducing new learning or extending/reinforcing prior learning</li> <li>◆ Providing opportunities for practice and application of learning (guided &gt; independent)</li> </ul>	
<p><b>Whole Class ⇒ Name of Activity and/or Strategy</b></p> <p>Description</p> <p>Discuss differences between cards focusing on interest rates, incentives, and rewards.</p>	<p><b>Guiding Questions:</b></p> <p><i>What did you find? Were you surprised? What are your feelings about credit cards now?</i></p> <p><b>Assessment:</b></p> <p>Observational and informative</p> <p><b>D.I.</b></p> <p>Oral/visual Listening</p>

<p><b>Consolidation</b></p> <ul style="list-style-type: none"> <li>◆ Providing opportunities for consolidation and reflection</li> <li>◆ Helping students demonstrate what they have learned</li> </ul>	
<p><b>Whole Class ⇒ Demonstrate what students have learned through the presentation</b></p> <p><b>Description:</b> In writing journals, students describe what type of card they would want to have and why.</p>	<p><b>Guiding Questions:</b> Now you know a bit about credit cards, what type of credit card would you like to have? Why?</p> <p><b>Assessment:</b> Observational and informative</p>
<p><b>Minds On</b></p> <ul style="list-style-type: none"> <li>◆ Establishing a positive learning environment</li> <li>◆ Connecting to prior learning and/or experiences</li> <li>◆ Setting the context for learning</li> </ul> <p><b>Activity 2: In this culminating activity students will use their prior knowledge and skills taught during the mini unit to develop a credit card and a credit card statement of their own using a media tool of their choice.</b></p>	<p><b>Connections</b></p> <p>Explicitly label:</p> <p> Assessment for learning</p> <p> Assessment as learning</p> <p> Assessment of learning</p> <p> Explicitly identify planned differentiation of content, process, or product based on readiness, interest, or learning</p>
<p><b>Groups⇒ Big Idea – Designing a credit card and sample credit card statement</b></p> <p><b>Description:</b> Review of a credit card and credit card statement</p> <p><b>Action:</b></p> <ul style="list-style-type: none"> <li>▪ Students will work in groups to produce a credit card and credit card statement.</li> <li>▪ Students need to show a purchase of a \$1000 television.</li> <li>▪ Students will then show how long and much it would take to purchase television if just the minimum payment of \$52. 50 is made</li> </ul> <p><b>Consolidation:</b> Submission of final product where teacher will provide feedback</p>	<p><b>Guiding Questions:</b> <i>What will your credit look like? What will you name it? What incentives will it possess? What will the percentage rate be? How long will it take to pay for the television using your card? What will the total cost be?</i></p> <p><b>Assessment:</b> Teacher will observe how students work collaboratively and will be assessed using the rubric provided</p> <p><b>D.I.</b> Student will be given a choice of process in completing the task</p>

## Rubric – Credit Card Activity

Categories	Level 1	Level 2	Level 3	Level 4
Knowledge/ Understanding	<ul style="list-style-type: none"> <li>-demonstrates limited understanding of content</li> <li>-demonstrates limited knowledge of credit cards and advantages and costs</li> </ul>	<ul style="list-style-type: none"> <li>-demonstrates some understanding of content</li> <li>-demonstrates some knowledge of credit cards and advantages and costs</li> </ul>	<ul style="list-style-type: none"> <li>-demonstrates considerable understanding of content</li> <li>-demonstrates considerable knowledge of credit cards and advantages and costs</li> </ul>	<ul style="list-style-type: none"> <li>-demonstrates thorough understanding of content</li> <li>-demonstrates thorough knowledge of credit cards and advantages and costs</li> </ul>
Thinking	<ul style="list-style-type: none"> <li>-uses critical and creative thinking skills with limited effectiveness</li> <li>-applies few of the skills involved in the inquiry process</li> </ul>	<ul style="list-style-type: none"> <li>-uses critical and creative thinking skills with moderate effectiveness</li> <li>-applies some of the skills involved in the inquiry process</li> </ul>	<ul style="list-style-type: none"> <li>-uses critical and creative thinking skills with considerable effectiveness</li> <li>-applies most of the skills involved in the inquiry process</li> </ul>	<ul style="list-style-type: none"> <li>-uses critical and creative thinking skills with a high degree of effectiveness</li> <li>-applies all or almost all of the skills involved in the inquiry process</li> </ul>
Communication	<ul style="list-style-type: none"> <li>-communicates information and ideas with limited clarity</li> <li>-uses terminology with limited accuracy and effectiveness</li> <li>-communicates with a limited sense of audience and purpose, using few appropriate forms</li> </ul>	<ul style="list-style-type: none"> <li>-communicates information and ideas with some clarity</li> <li>-uses terminology with some accuracy and effectiveness</li> <li>-communicates with some sense of audience and purpose, using some appropriate forms</li> </ul>	<ul style="list-style-type: none"> <li>-communicates information and ideas with considerable clarity</li> <li>-uses terminology with considerable accuracy and effectiveness</li> <li>-communicates with a clear sense of audience and purpose, using appropriate forms</li> </ul>	<ul style="list-style-type: none"> <li>-communicates information and ideas with a high degree of clarity, and with confidence</li> <li>-uses terminology with a high degree of accuracy and effectiveness</li> <li>-communicates with a strong sense of audience and purpose, using appropriate forms</li> </ul>
Application	<ul style="list-style-type: none"> <li>-applies knowledge and skills in familiar contexts with limited effectiveness</li> <li>-demonstrates limited ability in using the in new contexts</li> <li>-makes connections with limited effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>-applies knowledge and skills in familiar contexts with moderate effectiveness</li> <li>-demonstrates some ability in using the in new contexts</li> <li>-makes connections with moderate effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>-applies knowledge and skills in familiar contexts with considerable effectiveness</li> <li>-demonstrates considerable ability in using the in new contexts</li> <li>-makes connections with considerable effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>-applies knowledge and skills in familiar contexts with a high degree of effectiveness</li> <li>-demonstrates a high degree of ability using the in new contexts</li> <li>-makes connections with a high degree of effectiveness</li> </ul>

## Resources You May Need

If someone asked you "What are charge cards?", would you know?

Everybody knows what [a credit card](#) is, and though many people see both charge cards and credit cards as the same thing, there are actually quite a few differences between the two services.

While it's true that they both allow you to buy something without paying for it immediately, this is just about where the similarities end. Knowing what these differences are can not only help you choose what kind of card you think is best for you, but also help you stay out of unwanted debt.

### What is a Credit Card?

Simply put, a credit card is supplied to you by a lender, such as a bank or a [credit card company](#), allowing you an agreed amount of credit. With this available credit, you can buy things like clothes, goods for your house, even holidays. So, if you have a credit limit of \$5,000 on [your credit](#) card that is the maximum you are authorized to spend. Try spending any more than that, and the credit card company simply won't allow it, putting you in the embarrassing situation of having your credit card declined.

It is best to **pay your credit card balance in full each month** and avoid interest charges completely. However, many simply pay the minimum required which is customarily between 2% and 5% of the outstanding balance. Obviously the more you repay, the less you accumulate in interest charges. Excessive interest charges can significantly increase the real cost of your purchase. Our [Credit Card Interest Calculator](#) will show you how much money you could save in interest charges if you pay more than the monthly minimum payment on your credit cards.

### What Is A Charge Card?

While this card works the same way as a credit card in theory, it can be extremely different in practice. Examples of charge cards are: loyalty-type cards offered by retailers such as J.C.Penney or the well respected American Express line of cards.

The main difference is that, unlike a credit card where you choose how much you pay at the end of the month, a charge card needs to be cleared completely.

There are pluses and minuses to this. By ensuring that you have to pay the whole balance instead of a minimum payment, this type of card can help you control your spending. There are some retailers, like Sears and J.C. Penney, who will allow your balance to carry over. However, because of this, there is usually a much higher interest rate charged on the unpaid balance.

## Monthly and Yearly Fees

The cost of late or missed payments on a charge card can be significantly different from a late [credit card payment](#). Should you be late for a payment, you can expect to pay around 2.5% - 3% per month, or 30% - 36% per year.

However, since you can carry debt forward on a credit card, late payment usually accrues a charge of around 18% for unpaid balances.

At the end of the day, both cards have their place if used with caution. They allow us to make purchases for things for which we may not have ready cash. The best approach is to save up for something you really want, otherwise when necessary, charge purchases prudently.

## Credit Card Comparison Chart

1. Name of card
2. What are the annual fees?
3. What is the minimum monthly payment?
4. What is the interest rate charged on unpaid balance?
5. What is the credit limit?
6. Does it offer rewards programs?
7. What are the rewards offered?
8. Is there a fee for rewards program?
9. Which card would you choose? Why?

ERPAC Multi-Level ESL Lesson Plans (Level 6) Lesson Plans Topic Three

## Key questions to consider when choosing a credit card:

- Is there an introductory rate, what is it, and how long does it last?
- After the introductory interest rate, what will my rate be?
- Is there an application fee?
- Are there processing fees?
- Is there an annual fee?
- Is there a late fee?
- Is there an over-the-limit fee?
- Are there any other fees, like account-termination fees or balance-transfer fees?
- When and how can a variable rate be changed?
- When and how can a fixed rate be changed?
- What is the grace period before interest is applied?
- How will you inform me of any changes in my contract?
- Will the company inform me if I am about to go over my limit?
- If I go over my limit, what happens?
- What is the company policy if I have trouble paying my bill?