

# Unit Four - Types of Credit and Credit Scores

Content Area: **Business Management and Information**  
Course(s):  
Time Period: **Marking Period 2**  
Length: **4 weeks**  
Status: **Published**

## Summary of Unit

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The Financial Literacy course is designed to provide students with a foundational understanding of fundamental financial concepts, develop students' practical and money management skills, and instill a sense of financial responsibility and sound decision-making. The course aims to equip students with the knowledge and skills needed to make informed and responsible financial decisions throughout their lives, fostering confidence in navigating real-world financial scenarios.

In this unit, students learn the essentials of credit management. The curriculum covers the types and importance of credit, credit score calculations, responsible credit card use, and the impact of credit on personal finances. Through real-world scenarios, students gain practical skills in building and maintaining good credit, making informed borrowing decisions, and avoiding common pitfalls. The unit aims to equip students with the knowledge to navigate the world of credit responsibly and make informed financial decisions.

Students in Business Management and Information Systems classes develop skills that are intended to give them a competitive advantage in the workplace. Through the study of core business topics and current events, this curriculum encourages students to refine their speaking and listening skills, collaborate with their peers, and explore and research potential career paths.

This course fulfills the 2.5 credits in financial literacy coursework required by both Cranford High School and the state of New Jersey for graduation.

Revision Date: July 2020

## Standards

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This unit is aligned to the English Language Development (ELD) standards for kindergarten through grade 12 since multilingual learners develop content and language concurrently, with academic content in a classroom where the language of instruction is English. As a result, language learning and language as a means for learning academic content are interchangeable. The following ELD standards are relevant for this unit and course of study:

- Standard 1: Language for Social and Instructional Purposes: English language learners communicate

for social and instructional purposes within the school setting.

LA.WHST.11-12.4	Produce clear and coherent writing in which the development, organization, and style are appropriate to task, purpose, and audience.
LA.WHST.11-12.5	Develop and strengthen writing as needed by planning, revising, editing, rewriting, or trying a new approach, focusing on addressing what is most significant for a specific purpose and audience.
LA.WHST.11-12.6	Use technology, including the Internet, to produce, share, and update writing products in response to ongoing feedback, including new arguments or information.
PFL.9.1.12.CP.1	Summarize how one's credit history can affect finances, including loan terms, employment, and qualifying for loans.
PFL.9.1.12.CP.2	Identify the advantages of maintaining a positive credit history.
PFL.9.1.12.CP.3	Summarize factors that affect a positive credit rating, including on-time payments, debt versus available credit, length of open credit, and how often you apply for credit.
PFL.9.1.12.CP.4	Identify the skill sets needed to build and maintain a positive credit profile.
PFL.9.1.12.CP.5	Create a plan to improve and maintain an excellent credit rating.
PFL.9.1.12.CP.6	Explain the effect of debt on a person's net worth.
PFL.9.1.12.CP.7	Summarize factors that affect a particular credit scoring system.
PFL.9.1.12.CP.8	Identify different ways you can protect your credit.
PFL.9.1.12.CP.9	Analyze the information contained in a credit report, how scores are calculated and used, and explain the importance of disputing inaccurate entries.
PFL.9.1.12.FI.1	Identify ways to protect yourself from identify theft.
PFL.9.1.12.FI.2	Explain ways to manage your accounts that maximize benefits and provide you with the utmost protection.
PFL.9.1.12.FI.3	Develop a plan that uses the services of various financial institutions to prepare for long term personal and family goals (e.g., college, retirement).
PFL.9.1.12.FI.4	Research benefits and drawbacks of products offered by financial and non-financial companies (e.g., banks, credit unions, check-cashing stores, product warranty insurance).
PFL.9.1.12.FP.1	Create a clear long-term financial plan to ensure its alignment with your values.
PFL.9.1.12.FP.2	Explain how an individual's financial values and goals may change across a lifetime and the adjustments to the personal financial plan that may be needed.
PFL.9.1.12.FP.3	Relate the concept of delayed gratification (i.e., psychological distance) to meeting financial goals, investing and building wealth over time.
PFL.9.1.12.FP.4	Identify how unconscious beliefs like "money scripts" (money avoidant, money worship, money status, money vigilant) influence financial decision-making.
PFL.9.1.12.FP.5	Evaluate how behavioral bias (e.g., overconfidence, confirmation, recency, loss aversion, etc.) affects decision-making.
PFL.9.1.12.FP.6	Evaluate the relationship of familial patterns, cultural traditions, and historical influences on financial practice.
PFL.9.1.12.FP.7	Determine how multiple sources of objective, accurate and current financial information affect the prioritization of financial decisions (e.g., print information, prospectus, certified financial planners, internet, sales representatives, etc.).
PFL.9.1.12.PB.2	Prioritize financial decisions by considering alternatives and possible consequences.
PFL.9.1.12.PB.6	Describe and calculate interest and fees that are applied to various forms of spending, debt and saving.

PFL.9.1.12.CDM.1	Identify the purposes, advantages, and disadvantages of debt.
PFL.9.1.12.CDM.2	Compare and contrast the advantages and disadvantages of various types of mortgages.
PFL.9.1.12.CDM.3	Determine ways to leverage debt beneficially.
PFL.9.1.12.CDM.4	Identify issues associated with student loan debt, requirements for repayment, and consequences of failure to repay student loan debt.
PFL.9.1.12.CDM.5	Identify the types of characteristics of predatory lending practices and the importance of collateral (e.g., payday loans, car title loans, high-risk mortgages).
PFL.9.1.12.CDM.6	Compute and assess the accumulating effect of interest paid over time when using a variety of sources of credit. (e.g., student loans, credit cards, auto loans, mortgages, etc.).
PFL.9.1.12.CDM.7	Calculate a mortgage payment based on type of loan, down payment, credit score, and loan interest rate.
PFL.9.1.12.CDM.8	Compare and compute interest and compound interest and develop an amortization table using business tools.
PFL.9.1.12.CDM.9	Summarize the causes and consequences of personal and corporate bankruptcy and evaluate the implications for self and others.
PFL.9.1.12.CDM.10	Determine when credit counselling is necessary and evaluate the resources available to assist consumers who wish to use it.
PFL.9.1.12.CFR.1	Compare and contrast the role of philanthropy, volunteer service, and charities in community development and quality of life in a variety of cultures.
PFL.9.1.12.CFR.2	Summarize causes important to you and compare organizations you seek to support to other organizations with similar missions.
PFL.9.1.12.CFR.3	Research companies with corporate governance policies supporting the common good and human rights.
PFL.9.1.12.CFR.4	Demonstrate an understanding of the interrelationships among attitudes, assumptions, and patterns of behavior regarding money, saving, investing, and work across cultures.
TECH.9.4.12.TL.1	Assess digital tools based on features such as accessibility options, capacities, and utility for accomplishing a specified task (e.g., W.11-12.6.).
TECH.9.4.12.TL.2	Generate data using formula-based calculations in a spreadsheet and draw conclusions about the data.
	Borrowers have rights and responsibilities.
	There are ways to ensure that your credit is protected, and information is accurate.
	There are ways to manage your accounts that provide you with maximum benefits and protection.
	The ability to assess external information is a necessary skill to make informed decisions aligned to one's goals.
	To be fiscally responsible, an individual's finances should align with his or her values and goals.
	Debt reduces net worth.
	Building and maintaining a good credit history is a process.
	Philanthropic, charitable, and entrepreneurial organizations play distinctly different but vitally important roles in supporting the interests of local and global communities.
	There are factors you can use to select financial institutions and professionals that are best suited for your needs.
	Negative information in credit reports can affect a person's credit score and financial options.
	Digital tools differ in features, capacities, and styles. Knowledge of different digital tools is

helpful in selecting the best tool for a given task.

Biological behavioral biases, psychology, and unconscious beliefs affect financial decision-making.

There are ways to align your investments with your personal financial goals.

The potential for building and using personal wealth includes responsibility to the broader community and an understanding of the legal rights and responsibilities of being a good citizen.

## **Essential Questions and Enduring Understandings**

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Essential Questions:

- How can I purchase something now, but pay for it later?
- Are all credit cards equal?
- How can people maintain excellent credit?

Enduring Understandings:

- Establishing and maintaining good credit throughout all life stages will result in lower fees to banks and other financial institutions.
- Credit cards provide great benefits for consumers but may also be a huge financial burden if used incorrectly.

## **Objectives**

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Students will know:

- What is listed on a credit card statement.
- The difference between a debit card and a credit card.
- Character, capacity, and capital determine a person's credit score.
- How to best select a credit card that best suits their needs.
- How to maintain an excellent credit rating.
- The importance of credit and its impact on financial decisions.
- Different types of credit, including credit cards, loans, and mortgages.
- How credit scores are calculated and their significance in financial transactions.
- Responsible credit card use, including understanding interest rates and fees.
- Consequences of late payments and the importance of maintaining a good credit history.

Students will be skilled at:

- Identifying ways to avoid paying credit card fees

- Applying the vocabulary used in credit to select a card which will best benefit them.
- Reading a credit card statement and a credit report.
- Reading a Schumer Box and identifying how terms of the card impact total cost of purchases.
- Analyzing and evaluating different types of credit to make informed borrowing decisions.
- Building and maintaining a positive credit history through responsible credit management.
- Calculating and understanding credit scores, and taking steps to improve them.
- Utilizing credit cards responsibly, including managing balances and making timely payments.
- Navigating common credit-related challenges and making sound financial choices to ensure long-term financial well-being.

## **Learning Plan**

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The learning plan includes, but is not limited to the following:

- I. Use Next Gen Financial Literacy Question of the Day to engage students.
- II. Introduce the topic of credit card debt with the video, “Credit Card Debt Explained With a Glass of Water” <https://www.youtube.com/watch?v=Vz05A6cP6Iw>.
- III. Have students read the article, “Decipher Credit Card Offers With the Schumer Box” <https://www.wisebread.com/decipher-credit-card-offers-with-the-schumer-box>. Show students sample credit card applications which display the Schumer Box.
- IV. In teams, have students complete the Schumer Box activity, [https://docs.google.com/document/d/1RTS2CTPiUxbewhd1aPd4ud\\_DtuTqxwgCZV8g\\_SvzWA0/edit](https://docs.google.com/document/d/1RTS2CTPiUxbewhd1aPd4ud_DtuTqxwgCZV8g_SvzWA0/edit)
- V. Have students analyze the infographic, “What Young People Need to Know About Credit” <https://wealth.visualcapitalist.com/introduction-to-credit/>
- VI. Show students 4 commercials for credit cards. What do these ads have in common? What benefits does each provide? Students may pair/share answers.
- VII. 4 corners activity: question students on the pros and cons of credit. They must move to the corner of the room which represents Strongly Agree, Somewhat Agree, Neutral, Somewhat Disagree, or Strongly Disagree. (STAT Activity)
- VIII. Project-based activity: in small groups, students should compare and contrast 3 different credit cards. Which one is the best offer? The worst?
- IX. Role play: in teams, students will write, then act out a scenario of a creditor who is seeking a loan, and a debtor who will determine if they are eligible for the loan.
- X. In small groups, have students complete, “The Fine Print, Credit Card Statement” <https://docs.google.com/document/d/16cPkOsAJ1fSTzEK1bKyqk6uHplWgjX7XmSOKNOiweho/edit>
- XI. Show the video “What is a Credit Score.” <https://www.youtube.com/watch?v=Z0unFMq8dmg&feature=youtu.be>
- XII. Have students read the article, “Your Credit Report, What You Need to Know.” <https://bettermoneyhabits.bankofamerica.com/en/credit/how-to-read-a-credit-report>
- XIII. Show students a sample credit report, then complete the following project-based activity: [https://docs.google.com/document/d/1riSX2d9vZTwRKmZC7VMK4imYQbY0qsI\\_fk-011AYzNw/edit](https://docs.google.com/document/d/1riSX2d9vZTwRKmZC7VMK4imYQbY0qsI_fk-011AYzNw/edit)
- XIV. Have students interview their parents regarding their attitudes toward credit. Summarize the interview in MLA format.

Note: Other strategies to address the learning objectives may include, but are not limited to direct instruction,

self and peer review, think-pair-share activities, creating visual representations film analysis, Socratic seminars, small group discussions, simulations, jigsaw activities, gallery walks, web quests, and/or inquiry or problem based learning projects.

## **Assessments**

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When taking a Business course, students demonstrate differentiated proficiency according to their ability to answer the essential questions through formative and summative assessments. Many of the performance tasks below can be implemented as formative and/or summative assessments. As teachers strive for students to demonstrate proficiency, they will need to create additional or alternative assessments based on demonstration or absence of skill.

Formative Assessments:

- Exit tickets and on-going Socratic questioning
- Select a credit card activity

Summative Assessments:

- Managing My Credit Score Project
- "Gimmie Some Credit" reading and analysis

Alternative Assessments:

- Create a concept map to demonstrate how one can build their credit

Benchmark Assessment:

- Analyzing a credit card statement

## **Materials**

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The design of this course allows for the integration of a variety of instructional, supplemental, and intervention materials that support student learners at all levels in the school and home environments. Associated web content and media sources are infused into the unit as applicable and available. In addition to the materials below, the following link connects to district approved textbooks and resources utilized in this course: [Core](#)

## [Book List](#)

[MOVE: Credit Musical Chairs](#)

[INTERACTIVE: Shady Sam](#)

[FINE PRINT: Schumer Box](#)

[ANALYZE: Understanding Amortization](#)

[CALCULATE: Shopping with Interest](#)

[CALCULATE: Using a Mortgage Calculator](#)

[COMPARE: Auto Loans](#)

[ANALYZE: Alternative Lending](#)

[CASE STUDY: Gimme Some Credit](#)

[CASE STUDY: Payday Loan, Bankruptcy...What Should I Do?](#)

[INTERACTIVE: Compounding Cat Insanity](#)

[MOVE: Up and Down with Credit Scores](#)

[INTERACTIVE: Credit Clash](#)

[INTERACTIVE: FICO Credit Scores](#)

[CALCULATE: Impact of Credit Score on Loans](#)

[CALCULATE: Debt Avalanche v. Debt Snowball](#)

[RESEARCH: How Can I Improve My Credit Score?](#)

[PROJECT: Build a Timeline for Your Credit History](#)

[CASE STUDY: A Tale of Two Credit Scores](#)

[CASE STUDY: Get Me Out of My Debt Dungeon!](#)

Any additional resources that are not included in this list will be presented to and reviewed by the supervisor before being included in lesson plans. This ensures resources are reviewed and vetted for relevance and appropriateness prior to implementation.

### **Accommodations and Modifications**

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This link includes content specific accommodations and modifications for all populations:

<https://docs.google.com/spreadsheets/d/1g8M7CZ5VVwvFk2Ay9DZbjdewOYDyNOzpNeEBgSXPvr0/edit?usp=sharing>

These additional strategies are helpful when learning Business Management and Information Systems content and skills:

- Highlighter for close reading and annotation strategies
- Bolded terms in directions
- Reading texts aloud for students to assist in comprehension and analysis
- Providing opportunities for text-to-speech for written responses.
- Using visual presentations of all materials and including graphic organizers when possible.



