

# Personal Finance Unit 3: The Costs of Using Credit

## Unit Focus

In unit 3 of Personal Finance, students will delve into the costs and risks associated with using credit. Students will explore how a credit score increases and decreases, and how a credit score will affect your life. Students will also be able to calculate how much interest is paid over time as the cost of using credit, as well as the dangers a credit card brings to one's finances. Students will also learn about the risks of identity theft and how to protect themselves. The PBA asks students to compare and choose a credit card that fits their needs, and then write a letter to their parents explaining why they should have a credit card, demonstrating they have the knowledge of how a credit card works and can use it responsibly.

## Stage 1: Desired Results - Key Understandings

Established Goals	Transfer		
<p><b>Connecticut Goals and Standards</b> <i>Business and Finance Technology (CTE)</i></p> <ul style="list-style-type: none"> <li>Describe and give examples of consumer rights, responsibilities, and remedies. <i>BFT.PF.E.14</i></li> <li>Describe the risks and responsibilities associated with using credit. <i>BFT.PF.G.21</i></li> <li>Identify and explain methods of establishing and maintaining a good credit rating. <i>BFT.PF.G.22</i></li> <li>Explain credit ratings and credit reports and describe why they are important to consumers. <i>BFT.PF.G.23</i></li> <li>Identify specific steps that consumers can take to minimize their exposure to identity theft. <i>BFT.PF.G.24</i></li> <li>Identify risk in life and how to gain protection against the consequences of risk. <i>BFT.PF.H.25</i></li> </ul> <p><b>Student Growth and Development 21st Century Capacities Matrix</b> <i>Critical Thinking</i></p> <ul style="list-style-type: none"> <li>Synthesizing: Students will be able to thoughtfully combine information/data/evidence, concepts, texts, and disciplines to draw conclusions, create solutions, and/or verify generalizations for a given purpose. <i>MM.1.3</i></li> </ul> <p><i>Collaboration/Communication</i></p> <ul style="list-style-type: none"> <li>Presentation: Students will be able to relay information and ideas to an authentic audience (other than the teacher) to promote collective understanding. <i>MM.3.3</i></li> </ul>	<p><b>T1</b> Demonstrate fiscal responsibility through examination of needs and wants, development of short and long term plans, and/or conservation of limited resources.</p> <p><b>T2</b> Communicate effectively based on purpose, task, and audience using appropriate vocabulary.</p>		
	<b>Meaning</b>		
	<b>Understandings</b>	<b>Essential Questions</b>	
	<p><b>U1</b> Using credit impacts your financial future through bankruptcy, interest rates when applying for credit, the ability to obtain loans, rent an apartment, buy a car, etc.</p> <p><b>U2</b> To protect against identity theft, you should safeguard personal information (SSN, birthday), safeguard financial information (bank statements, credit card statements), check credit reports, and safeguard PINs.</p>	<p><b>Q1</b> What impact on my life will my credit score have?</p> <p><b>Q2</b> What are the rights of consumers using credit?</p> <p><b>Q3</b> How can you protect yourself from Identity Theft?</p>	
	<b>Acquisition of Knowledge and Skill</b>		
	<b>Knowledge</b>	<b>Skills</b>	
<p><b>K1</b> Credit Scores: components of the score, impact in business dealings</p> <p><b>K2</b> Relationship between term and monthly payment</p> <p><b>K3</b> ID theft scams: skimming, phishing</p> <p><b>K4</b> Amortization table</p> <p><b>K5</b> Schumer box</p>	<p><b>S1</b> Analyze a credit card offer using the Schumer box</p> <p><b>S2</b> Calculate monthly payments and total interest using a spreadsheet</p> <p><b>S3</b> Analyze how the interest rate and term affect the overall cost of a loan</p> <p><b>S4</b> Identify and define parts of a credit card offer</p> <p><b>S5</b> Analyze an e-mail that looks suspicious to see if it might be a phishing attempt.</p>		