



Personal Finance - Unit 3 - The Costs of Using Credit

Unit Focus

In unit 3, 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

Established Goals	Transfer	
Standards Connecticut Goals and Standards <i>Personal Finance: 12</i> Strand 1: Analyze factors that affect the choice of credit, the cost of credit, and the legal aspects of using credit. (PF.7.1) Compare and contrast the various aspects of credit cards (e.g., APR, grace period, incentive buying, methods of calculating interest, and fees). (PF.7.1.A.2) <i>Business and Finance Technology (CTE)</i> Using credit: Analyze factors that affect the choice of credit, the cost of credit, and the legal aspects of using credit. (BFT.PF.G) Describe the risks and responsibilities associated with using credit. (BFT.PF.G.21) Identify and explain methods of establishing and maintaining a good credit rating. (BFT.PF.G.22) Explain credit ratings and credit reports and describe why they are important to consumers. (BFT.PF.G.23) Identify specific steps that consumers can take to minimize their exposure to identity theft. (BFT.PF.G.24) Protecting Against Risk: Analyze choices available to consumers for protection against risk and financial loss. (BFT.PF.H)	<i>Students will be able to independently use their learning to...</i> T1 Demonstrate fiscal responsibility through examination of needs and wants, development of short and long term plans, and/or conservation of limited resources. T2 Communicate effectively based on purpose, task, and audience using appropriate vocabulary.	
	Meaning	
	Understanding(s)	Essential Question(s)
	<i>Students will understand that...</i> U1 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. U2 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.	<i>Students will keep considering...</i> Q1 What impact on my life will my credit score have? Q2 How can you protect yourself from Identity Theft?
	Acquisition	
	Knowledge	Skill(s)
	<i>Students will know...</i> K1 Parts of a Credit Report: Personal Information, Accounts, Public Records, Inquiries	<i>Students will be skilled at...</i> S1 Read and analyze a credit report S2 Calculate monthly payments and total interest using a spreadsheet

Stage 1: Desired Results		
Identify risk in life and how to gain protection against the consequences of risk. <i>(BFT.PF.H.25)</i> Other Goals Profile of a Graduate Analyzing: Examining information/data/evidence from multiple sources to identify possible underlying assumptions, patterns, and relationships in order to make inferences. <i>(POG.1.2)</i> Idea Generation: Studying a problem, need or model (mentor text, political piece, documents, art work, etc.) to consider limitations and imagine new solutions/transformations. <i>(POG.2.1)</i> Self-Awareness: Examining current performance critically to identify steps/strategies to persist. <i>(POG.4.1)</i>	K2 Credit Scores: components of the score, impact in business dealings K3 Relationship between term and monthly payment K4 Schumer box K5 ID theft scams: skimming, phishing	S3 Analyze how the interest rate and term affect the overall cost of a loan S4 Identify and define parts of a credit card offer S5 Develop strategies and responsible behaviors to safeguard against the risk of identity theft.