

Lesson Six: Financial Literacy - Choosing a Credit Card

Money, money, money, money, MUUNNAAY! We all need it, and we all could learn more about fiscal responsibility. This lesson will focus on criteria you will use to compare credit cards. Picking a card that meets your needs is important and can save you money while improving your credit score. We will also introduce the “store credit card” and how it compares to a basic credit card.

STANDARDS ALIGNMENT

- **North Carolina Essential Standards Guidance**
I.SE.1.2 Integrate personal responsibility into the way you live your life on a daily basis.
- **North Carolina Professional Career Development Coordinator Standards**
Standard III. Element d. Career development coordinators develop comprehensive career development programs relevant to students. They deliberately, strategically, and broadly incorporate into their programs the life and career skills that students need to be successful in the twenty-first century.
- **NC Community College System College and Career Ready Adult Basic Education Standards**
M.4 Students will develop and apply concepts of data analysis and probability to explore, analyze, and solve mathematical and real-life problems.

WORKFORCE DEVELOPMENT STANDARDS

- 20 CFR Parts 676, 677, and 678: Workforce Innovation and Opportunity Act is designed to help job seekers access employment, education, training, and support services to succeed in the labor market and to match employers with the skilled workers they need to compete in the global economy. Programs are based on eligibility.

STUDENT OBJECTIVES

At the close of the lesson, learners will be able to say... I can:

- Recognize financial terms such as APR and DPR in credit card contract.
- Compare major credit cards to see which meet my personal needs.
- Look up my credit score.
- Explain the difference between a store credit card and a regular credit card and judge which meets my financial needs.

MATERIALS NEEDED

- Computer, projector, internet access, YouTube Access
- **I can** statements on poster board or handout
- Handout (page from a credit card application)
- What Generation Am I?: A Personality Quiz for each participant
- Highlighter pens
- Computers for participants with internet access
- Handout (What card is right for me)
- Link to lesson plans, worksheets and information:
<https://bit.ly/2YpkkTJ>

DELIVERY SUGGESTIONS

The suggested time for the following lesson is 60 minutes. Room should be arranged in groups of four. Maximum recommended number of participants is 24.

The following lesson is appropriate for:

- high school students.
- adult learners.

INSTRUCTIONS

1. State and share **I can** statements with participants, so they will know the purpose of the lesson.
2. **SAY:** *“If you have ever been told that having a credit card can hurt you, you were told correct information. (Pause) If you have been told a credit card can be beneficial to your credit score, you have also been told correct information. How can contrasting information be true? Let’s find out. In front of you is one page from a 23 page credit card contract. Take a highlighter pen and highlight any terms you are unsure of. (give time to skim/highlight). Now, hold your paper up so I can see highlights. (Share aloud with the group if you see a common term such as APR highlighted or make general comments that everyone has multiple terms highlighted.) This might seem overwhelming, but comparing what credit card works best for you can be simple. Are you ready?”*
3. **SAY:** *“Let’s decide if we need a credit card. (On a piece of poster paper or a projected Word document, ask participants to share positives and negatives of*

having a credit card. Ideas are listed in attachment “Why I need a credit card” in the event that participants do not share ideas.) We are going to brainstorm what is positive and what is negative about having a credit card. For example, having a credit card that is paid off monthly improves my credit score. I’ll give you a minute to think. After a short time, we will share our thoughts on having a credit card.”

4. **SAY:** “Now we will start comparing cards to choose one that is right for our financial goals. Most cards ask for your credit score because interest rates are based on your credit score. What is a credit score? Let’s take a look.” (Pass out the handout “What Credit Card is Right For Me?”) “Who know how to check your credit score? Type in ‘free credit scores’ and let’s look at the results. As you see there are many free sources, let’s choose one ‘freecredit score.com’.” (Project the site and share important features such as security information at the bottom of the page.) Now, let’s log in. Let’s click sign up for free.” (Point out the right side boxes that refer to security, state you do not have to put in credit card info, and that personally checking your score does not hurt your score.) You may not wish to project your score, so you can allow others to proceed in the website.
5. **SAY:** “Let’s look at the questions on our worksheet as we look up our information privately. Since your credit score is private, you may want to do this at another time or use your phone to set up an account. You will see at the bottom of the page a section called Supports and a tab called Disputes under that. If you see something on your credit report that is not correct, use this section to guide you as you have incorrect information removed. It is important to look over all sections of your credit report. Do not wait until you are preparing to buy a car or house to check on your credit. Are there any questions about credit scores and how to find them?” (Give a few minutes to open the website and answer questions from the worksheet).
6. **SAY:** “Let’s compare several credit cards to see which matches our needs. Type in the title of the Nerdwallet article listed on the worksheet to find a webpage that will compare credit cards for us.” (Project the article and point out several features such as the comparison chart at the bottom, pros and cons tab, and the ratings.) “There are some terms that might be confusing. Let’s make sure we understand them.” (Go over APR, regular APR, introductory APR, balance transfers, FICO score and any others that participants are confused by. Give the participants time to look over the features of the cards.) “Let’s take 10 minutes to compare cards. When we come back together, I’m going to ask you which one you are most drawn to and why.”
7. **SAY:** “By a show of hands, who is interested in....” Go through the list quickly; pick a few participants to share why they made their choice.)

Continued on next page...

8. **SAY:** *“What is a store card or store credit card? Does anyone have one? Let’s look up your favorite store’s website. I will choose Target.” (Look up and project Target. Search the site to see if you can apply for a credit card. Target offers a regular card, a VISA, that can be used at other stores AND a store card, the REDCARD that can be used ONLY at Target. Ask participants to review a store website to see if they can get a card and what kind of card it is. You may want to note that too many store cards can hurt credit and that using a regular card with rewards may be a better option than opening a store card.”* Allow time for discussion.)
9. **SAY:** *“As we wrap up our session, let’s return to our **I can** statements. If you feel we have met a statement, raise your hand.” (Read them aloud asking participants to raise hands so you can gauge the group’s understanding.) “We also want your formal feedback, please answer a few questions for us before you leave” (refer participants to the evaluation listed at the bottom of their worksheet). “Thank you for your attention today.”*

<https://conta.cc/3Cx9sSO>

Sources:

- *Freecreditscore.com website by Experian*
- *11 Excellent Credit Cards for 2021 Nerdwallet 2021*

LESSON CONTRIBUTOR

Christina Harris

(Retired)

NC Department of Public Instruction

cjlharris.ch@gmail.com



651.291.1515
800.899.5626
hiway.org

IMPORTANT VISA® CREDIT CARD DISCLOSURES

The information appearing on this Disclosure is accurate as of **April 17, 2020**. This information may have changed after that date. To find out what may have changed, call us at 651.291.1515 or 800.899.5626 or write us at Hiway Credit Union®, 111 Empire Drive, St. Paul, MN 55103.

Interest Rates and Interest Charges	Hiway Visa Platinum®	Hiway Visa® Rewards	Hiway Visa Signature® Cash Rewards
Annual Percentage Rate (APR) for Purchases	1.99% Introductory APR for 12 months. After that, your Standard APR will be 8.15 % , 10.15 % , 14.74% , or 17.15% depending on your credit history. This APR will vary with the market based on the Prime Rate.	1.99% Introductory APR for 12 months. After that, your Standard APR will be 9.65 % , 11.74 % , 14.15 % , or 17.15 % depending on your credit history. This APR will vary with the market based on the Prime Rate.	1.99% Introductory APR for 12 months. After that, your Standard APR will be 10.71 % , 12.74 % , or 15.15 % depending on your credit history. This APR will vary with the market based on the Prime Rate.
APR for Cash Advances	8.15 % , 10.15 % , 14.74% , or 17.15% depending on your credit history. This APR will vary with the market based on the Prime Rate.	9.65 % , 11.74 % , 14.15 % , or 17.15 % depending on your credit history. This APR will vary with the market based on the Prime Rate.	10.71% , 12.74% , or 15.15% depending on your credit history. This APR will vary with the market based on the Prime Rate.
APR for Balance Transfers	1.99% Introductory APR for 12 months. After that, your Statement APR will be 8.15 % , 10.15 % , 14.74% , or 17.15% depending on your credit history. This APR will vary with the market based on the Prime Rate.	9.65 % , 11.74 % , 14.15% , or 17.15% depending on your credit history. This APR will vary with the market based on the Prime Rate.	10.71% , 12.74% , or 15.15% depending on your credit history. This APR will vary with the market based on the Prime Rate.
Paying Interest	Pay full amount of the New Balance of Purchases within 25 days of your statement closing date. We will not charge you interest on purchases if you pay your entire new purchase balance by the due date each month. We will begin charging interest on cash advances and balance transfers on the date the cash advance or balance transfer is posted to your account.		
Minimum Interest Charge	None		
For Credit Card Tips from the Consumer Financial Protection Bureau	To learn more about factors to consider when applying for or using a credit card, visit the website of the Consumer Financial Protection Bureau at http://www.consumerfinance.gov/learnmore		
Fees			
Fees to Open or Maintain your Account	None		
Transaction Fees	<ul style="list-style-type: none"> Balance Transfer: 2 % of the amount of each transfer or \$2.00, whichever is greater Cash Advance: 2 % of the amount of each cash advance or \$2.00, whichever is greater Foreign Transaction: <i>Hiway Visa Platinum® & Hiway Visa® Rewards: 1 % of U.S. dollar transaction amount</i> <i>Hiway Visa Signature® Cash Rewards: None</i> 		
Penalty Fees	<ul style="list-style-type: none"> Late Payment: Up to \$25.00 assessed on the 15th day after the stated due date. Over-the-Credit Limit: None Returned Payment: Up to \$25.00 if your payment is returned for any reason. 		

How We Will Calculate Your Balance: We use a method called "average daily balance" (including new purchases).

Other Fees: In addition to the fees disclosed above, the following fees may be imposed:

- Lost Card Reissue: \$10.00**
- Document Copy: \$5.00 max/item**

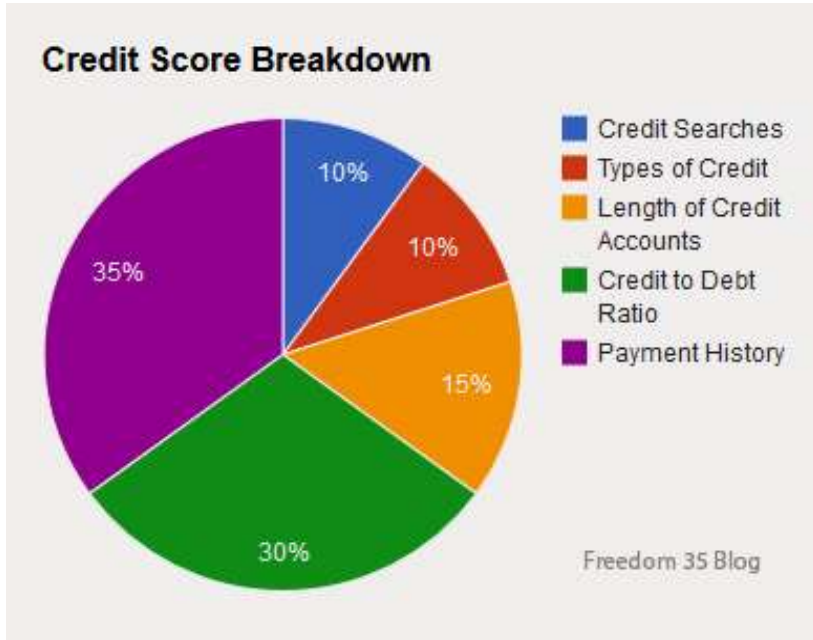
What Credit Card is Right for Me?

Credit Score

What is a credit score?

<https://www.freecreditscore.com/>

What are some of the elements my credit is based on?



Is it safe to put my social security number in a website?

*REMEMBER this information for future log ins. Record below for future access.

_____ (user name)(email)

_____ (password)

If there is information you would like to dispute, how would you do so? (See Supports/Disputes Guide at the bottom of the page)

Comparing Cards

Nerdwallet: 11 Excellent Credit Cards for 2021 <http://bit.ly/3cbfzBO>

Unfamiliar terms

What card seems right for me?

Why I need a credit card: Brainstorming Ideas

+

Helps build credit

Can improve credit score

Helps me get things I MUST have when I have no money to purchase

Can help me pay for emergencies

-

Can accrue lots of interest

Not paying off each month can make items ultimately cost much more

Opening too many cards or having too high a balance can hurt my credit

I may not be ready to use it responsibly