



## Week 2 – Credit

### 6th Grade – 8th Grade Education

April is National Financial Literacy Month, which is designed to create awareness about the importance of personal financial education. Last week we focused on What is a Credit Union?, learning about money and basic banking terms.

This week our focus will be on credit. Most parents are great about teaching their children the basics of financial education. However, one area that seems to get left out is understanding credit and loans. This week's activities will include a credit card worksheet, word scramble and list a of important vocabulary words that pertain to credit.

### Articles of interest for parents

<https://www.creditrepair.com/blog/credit-101/teaching-kids-about-credit/>

<https://www.thesimpledollar.com/financial-wellness/teaching-kids-about-credit/>

### Book Recommendations

Book Title	Author
Understanding Credit and Debt	Robyn Hardyman
Credit Card Math	Sue LaRoy

Don't miss out on **The National Financial Literacy Bee Scholarship Contest**, open April 1-15 only for ages 13-18!

<https://wingsfinancial.everfi-next.net/welcome/national-financial-bee-2021>



# Credit Information

**Borrower:** Someone who borrows money and must repay the loan, often with interest.

**Credit:** The ability borrow money today from a financial institution or a person with the promise to pay it back in the future.

**Credit Card:** A personal card issued by a financial institution that allows the user to make purchases on credit, up to a specific amount. The card holder is billed monthly and required to make a payment at least once a month if there is a balance. *(A form of invisible money)*

**Credit Report-**Is a “report card” for your credit history. It is used by potential lenders to determine your “risk,” which is basically just how likely you are to pay your monthly payments on time.

**Credit Score-** A mathematical risk assessment based on the information available on your credit report. It helps a lender determine the likelihood that you will repay a debt or loan.

**Collateral:** A tangible asset, such as a home or car, pledged as security for repayment of a loan.

**Debt:** An obligation that requires one party (the debtor) to pay money to another (the creditor).

**Interest-** The amount charged on a loan that is added to the principal (loan) amount.

**Loan:** Borrowed credit that may or may not require collateral. It is a form of debt that typically requires the borrower to make regular payments, plus interest.

**Secured Loan:** A loan which requires collateral (such as a car, boat, or home loan).

**Unsecured Loan:** A loan which does not require collateral (such as a credit card or personal loan).

## Two Types of Loans

Secured Loans (Collateral Required)	Unsecured Loans (No Collateral Required)
Auto, motorcycle, snowmobile, Jet Ski	Credit cards
Homes (mortgage loan), trailers	Personal loans, Lines of credit (LOC)

## What you Should Know About Credit Cards

### PROS of having a credit card

- Ability to cover emergency needs

### CONS of having a credit card

- Invisible money makes it very easy to spend
- Bill to pay every month there is a balance
- Missed payments have big consequences

## Credit Card Seek and Find



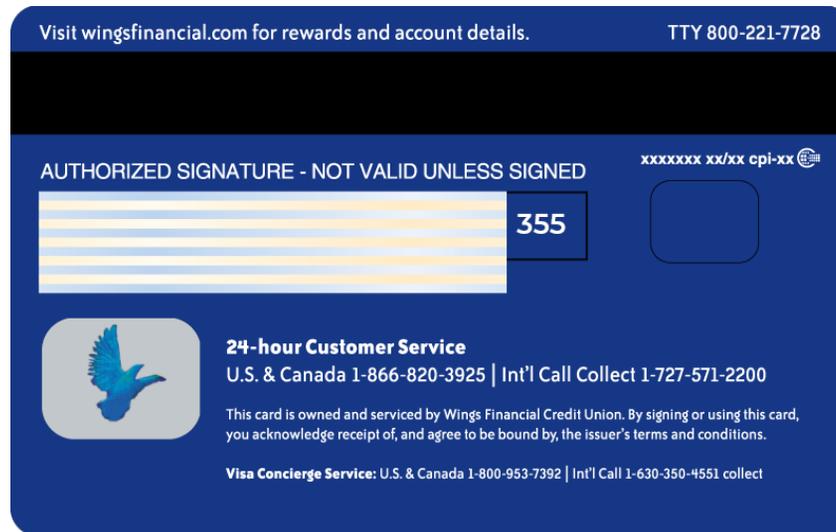
What is cardholder's full name? \_\_\_\_\_

What is the card number? \_\_\_\_\_

What MONTH does the card expire? \_\_\_\_\_

What YEAR does the card expire? \_\_\_\_\_

What type of card is this? \_\_\_\_\_



What is the 3-digit CVV code? \_\_\_\_\_

This card must be signed to be valid: TRUE or FALSE

What is the 24-hour Customer Service number? \_\_\_\_\_

*\*Bonus Question*

This card is a rewards card: TRUE or FALSE



## Credit Card Seek and Find **KEY**



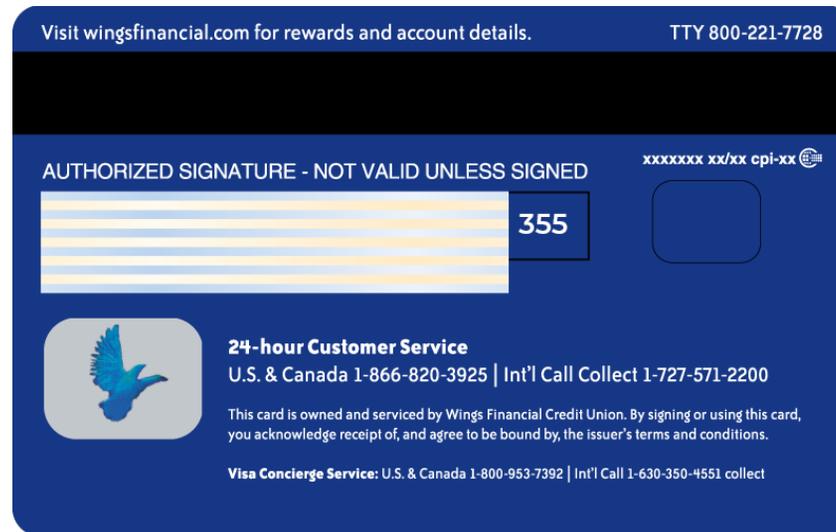
What is cardholder's full name? Lisa Johnson

What is the card number? 4000 1234 5678 9102

What MONTH does the card expire? February

What YEAR does the card expire? 2024

What type of card is this? Visa Signature Rewards



What is the 3-digit CVV code? 355

This card must be signed to be valid: **TRUE** or FALSE

What is the 24-hour Customer Service number? 1-866-820-3925

*\*Bonus Question*

This card is a rewards card: **TRUE** or FALSE

## Credit Vocabulary Word Scramble

1. DCITER INNOU \_\_\_\_\_

2. DRTIEC DRCA \_\_\_\_\_

3. DEIBT CRAD \_\_\_\_\_

4. ESNTIRTE \_\_\_\_\_

5. RECTDI \_\_\_\_\_

6. AONL \_\_\_\_\_

7. TDEB \_\_\_\_\_

8. AELAOTCLRL \_\_\_\_\_

9. REORROBW \_\_\_\_\_

10. DSEUREC LANO \_\_\_\_\_

11. NEEUURSDC ALNO \_\_\_\_\_

### Word Bank

Borrower

Credit

Credit Card

Credit Union

Collateral

Debt

Debit Card

Interest

Loan

Secured Loan

Unsecured Loan