EVERFI®

Lesson Plan

Credit and Debt

20 minutes

Prerequisite: Digital Lesson–Credit and Debt

INSTRUCTIONS

Each digital lesson is supplemented with a follow-up synchronous lesson plan to extend and reinforce learning. Activities and questions are structured in a way that supports both in-person and virtual classroom settings.

OBJECTIVES

Students will be able to...

- Explain what a loan is and why it is used to finance purchases.
- Compare and contrast the differences between secured and unsecured loans.
- Discover how the cost of credit is influenced by loan terms.
- Evaluate loan offers for predatory lending.

MATERIALS

In-Person Lesson

- Writing utensils
- Credit card agreements from Consumer Financial Protection Bureau
- Credit and Debt activity

Virtual Lesson

- Credit card agreements from Consumer Financial Protection Bureau
- Credit and Debt activity

STANDARDS ADDRESSED

2021 Jump$tart National Standards for Personal Finance

- Credit 12-2a. Give examples of unsecured and secured loans.
- Credit 12-2b. Explain why lenders charge lower interest rates on secured loans than on unsecured loans.
- Credit 12-2c. Compare what happens if a borrower fails to make required payments on a secured loan, such as an auto loan or a home mortgage, versus failing to pay a credit card account.
- Credit 12-6a. Identify examples of loans that may require down payments
- Credit 12-6c. For a specified loan amount, compare the monthly loan payment with a 10% down payment versus a 20% down payment.
- Credit 12-6d. Explain how a down payment makes a borrower more attractive to a lender and motivates loan repayment by the buyer.

- Credit 12-13c. Explain how using payday loans can cause a cycle of debt.

SECTION	DESCRIPTION	FORMAT	DURATION
Discussion	*"What would you consider when looking for a credit card?"* Answers may include: low or no starting interest rates, bonuses/rewards, low cost, loan terms offered, whether a down payment or collateral is required	Virtual: Students can type their responses into the chat or raise their hands to respond. In-Person: Group discussion.	3 mins
Activity	Organize the class into small groups. Provide each group with: • a different (actual) credit card agreement from Consumer Financial Protection Bureau Students should use the Credit and Debt activity worksheet to outline the details of their agreement. • Credit card name • Credit card category (rewards/store/general) • Card claims • Fine print • Box info such as APR • Other bonuses/rewards • Potential areas of concern Each group will create an advertising slogan to highlight a benefit of the card.	In-Person: Small groups or pairs; students create their poster using materials in class. Virtual: Small groups or pairs; students create their advertising slogan using a word processor or collaborative online drawing tool.	15 mins
Exit Ticket	Ask students, *"What happens if a borrower fails to make required payments on a secured loan, such as an auto loan or a home mortgage?"* If time permits, invite one or more students to share their answers. Answer: The lender can take ownership of a person's car or house as collateral if they fail to make their secured loan payment.	Virtual and In-Person: Students use the Credit and Debt activity worksheet to answer the exit ticket question.	2 mins