Budget Bunny

Financial Youth Training

Teacher Resource | **3.1**

Lesson Plan Grade Level:

3rd Grade

Jump Start National Financial Literacy Standards

Credit and Debit

Spending and Saving

Standard 3. Describe how to use different payment methods.

B. Demonstrate how checks and debit cards, gift cards and credit cards work as payment methods

Credit & Debt

Standard 1. Analyze the costs and benefits of various types of credit.

A. Identify situations when people might pay for certain items in small amounts over time
B. Summarize the advantages and disadvantages of using credit
C. Explain why financial institutions lend money
D. Explain why using a credit card is a form of borrowing

Lesson Description & Objectives:

In this lesson students will learn more about the similarities and differences between credit cards and debit cards. They will also build understanding about how credit cards work and how they can increase their credit score.

What students will know:

- The different forms of payment when purchasing goods or services
- The difference between credit cards and debit cards
- That people earn credit scores based on their use of credit and the scores affect a person's ability to borrow money

What students will be able to do:

- Define vocabulary terms
- Decide whether to use a credit or debit card when purchasing goods/services
- Locate where their credit score ranks on a graph of low-high credit scores

Terms:

- Credit card, debit card, credit, credit score, interest, credit card statement, credit limit, late payment

Materials Needed:

- Pictures of credit and debit cards
- Image of credit score graph
- Credit score cards

Procedure

Attention Grabber:

Have you ever wanted to buy something but you didn't have enough money in your wallet? Turn and talk to a classmate about what you wanted to buy.

What if I told you that you could buy the thing you wanted using this. Hold up an image of a credit/debit card. Do you know what they are called?

Is there anyone who can tell us about a time when they used one of these? Raise your hand if your parents have credit or debit cards.

Today we are going to learn more about using credit cards and how they are different from debit cards.

Prior Knowledge:

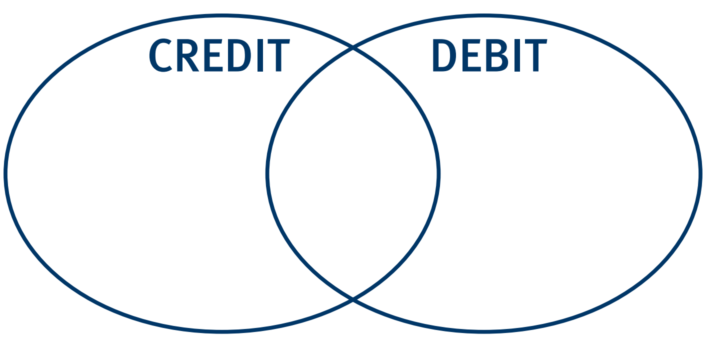
Write the following words on the board: Cash, gift card, check, debit card, credit card

Ask students to take a look at the words on the board and tell the class what they know about these terms. Explain that these are all types of payments.

Cash and gift cards are worth a fixed amount of money and act like cash in hand. Checks and debit cards are linked to money in a bank account. Credit cards are not linked to a bank account, instead they are used to borrow money from a bank or credit card company. When you use a credit card you are given a credit limit to spend and then you pay small amounts of money until the money you spent is completely paid off. However, the money doesn't come for free. Credit card users are charged interest when using credit cards. The interest is a small amount of money that is added to the borrowers credit card statement each month.

Now ask students to focus on just the credit and debit cards.

Tape the credit and debit card images above the circles of a Venn Diagram. First ask students to talk about the similarities between credit and debit cards. Consider how they are used and the way they look. Write these responses in the middle of the Venn Diagram where the circles overlap.



Next, ask students to talk about the differences between credit and debit cards. Are they used in different ways? Do they look different? What are the advantages of using a credit card over a debit card? What are the advantages of using a debit card over a credit card? Write these in the large part of the circle below each term.

Next, hand out credit score cards to each student. Have students find their number on the graph and determine whether they have Bad, Fair, Good or Excellent credit. Read about why their score was low or high.

Learning Activity:

Small Group Learning

Pass out note cards for students and ask them to design their own credit or debit card. Be sure to include all the important information including:

- Name
- Card Number
- Expiration Date
- Credit Card Company name or Bank name
- Chip or Strip on the back for running the card through a machine

Next, hand out credit score cards to each student. Have students find their number on the graph and determine whether they have Bad, Fair, Good or Excellent credit. Read about why their score was low or high.

Closing:

Discuss with students their takeaways from determining their credit score. What did they learn about responsible use of credit cards?

Differentiation

- Work in pairs/partners to create a credit card and determine the credit score
- Choose credit score cards as a whole group activity and talk through each scenario
- Allow students to participate by writing on the Venn Diagram

Continue the Learning

Teachers and families can continue the learning beyond what we have done together today.

Today I learned...

- The different forms of payment when purchasing goods or services
- The difference between credit cards and debit cards
- That people earn credit scores based on their use of credit and the scores affect a person's ability to borrow money

Questions to spark discussion

- What can credit cards be used for?
- Why is having a credit card important?
- Why is it important to pay off your credit card?
- What happens if you are late in paying your credit card?
- What did you learn about credit scores?

Extend the learning at home or school

- Check out Budget Bunny and the Hopper Hotel to learn more about responsible money management https://www.stifel.com/Newsletters/AdGraphics/FlipBooks/StifelBank/Budget-Bunny/ComicBookHopperHotel/index.htm
- Play the App KiddieKredit https://www.kiddiekredit.com
- Learn more about credit and debit cards watching these videos:
  https://www.youtube.com/watch?v=T3wxogO1nYU
  https://www.youtube.com/watch?v=mllbYh0DFMc

Books

- *Understanding Credit* by Carla Mooney
- *Finance 101 for Kids: Money Lessons Children Cannot Afford to Miss* by Walter Andal
- *The Everything Kids Money Book* by Brette McWhorter Sember
- *Real World Math: Using Credit Wisely* by Cecelia Minden
- *Using Credit Wisely* by Katie Marsico

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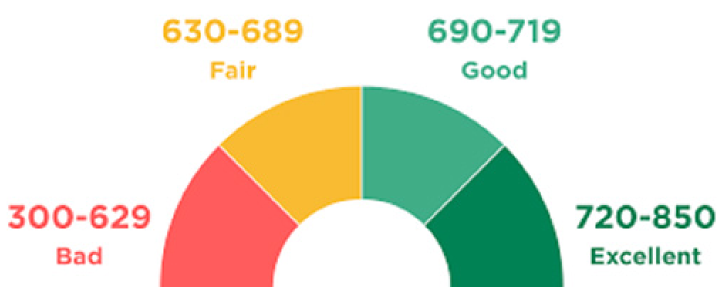
Student Worksheet | **3.1**

CREDIT AND DEBIT

Instructions: Find your number on the graph and determine whether you have Bad, Fair, Good or Excellent credit. Read about why your score was low or high.



300	The card holder filed for bankruptcy when they did not have enough money to pay off all their debts
625	The card holder has only one credit card and no other lines of credit
632	The card holder did not pay their credit card bills for a few months
685	The card holder regularly pays their bill late
691	The card holder missed a payment, but contacted the credit card company and sent the payment late
718	The card holder spends a small amount of what their card limit allows and pays their bills regularly
721	The card holder has a history of responsible credit card use. They also are paying off another loan and never miss a payment.
849	The card holder has a history of responsible credit card use. They have multiple lines of credit and always pay their bills on time.

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Student Worksheet | **3.1**

CREDIT AND DEBIT

Instructions: Design your own credit or debit card. Make sure to incude all of the important information: name, card number, expiration date, company or bank name, and chip or strip.

This Lesson Plan, a **FREE** resource for classroom teachers and other educators, was thoughtfully developed by The Soulard Education Center and made possible by Stifel Bank & Trust and the United Way of Greater St. Louis. Find additional lesson plans and more at **www.BUDGETBUNNY.com.**

The Soulard Education Center is a non-profit organization that creates original and experiential educational programming that empowers teachers, engages families, and includes students' voices in their learning. Through innovative leadership programs, relevant community partnerships, and authentic experiences that elevate every type of learner, our model results in children who know they can have an impact. Learn more about us at www.SoulardSchool.org.

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