

ConsumerMan Video for LifeSmarts 3: YOUR CREDIT REPORT

Lesson Plan

Overview

Credit is so much more than a little piece of plastic. Good credit lets you buy things on time at a lower interest rate. If your credit is bad, you could be denied a credit card or forced to make a big deposit when you sign up for cable TV. This lesson explores the basic facts about credit reports.

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Lesson Objective(s)

Understand credit reporting agencies and the use of credit reports.

Time

1 class period

Background

Credit bureaus store and sell data about your financial transactions. There are three big credit reporting agencies – Experian, Equifax and TransUnion. All sorts of companies send them information about how people manage their money.

When you open a bank account, apply for a credit card, get a student loan, pay your credit card bills on time or make late car payment that information is reported to credit bureaus and added to your file.

This information is then sold to various companies that want to know about you; if are you financially responsible and if you pay your bills on time.

Materials

Lesson Content Vocabulary List

Vocabulary List Prompts

Podcast/Video-*Your Credit Report*

Crossword Puzzle-*Your Credit Report*

Crossword Key-*Your Credit Report*

Procedures

1. Distribute *Vocabulary Worksheet*
2. Discuss and define vocabulary with students
3. Listen or view *Your Credit Report* podcast
4. Distribute the Student Activity-Crossword Puzzle: *Your Credit Report*

Note: When completing crossword answers with two words, they are not separated by a blank space in the puzzle

5. Review answers to the crossword

Discussion Questions

1. Why should teenagers check their credit report?
2. Why might a prospective employer or landlord request permission to check your credit history?
3. Do you think it is *fair* that individuals with a low credit score often pay a higher interest rate when using credit? Explain your answer.
4. How can understanding credit reporting agencies and credit reports help you be a smarter consumer?



**ConsumerMan Video for LifeSmarts 3:
Your Credit Report Vocabulary List**

Name:

3 C's of credit	
CARD Act	
charge card	
CRA	
credit history	
credit inquiry	
credit score	
credit worthiness	
default	
delinquent	
FICO	
installment credit	
revolving credit	
secured credit	
service credit	



**ConsumerMan Video for LifeSmarts 3:
Your Credit Report
Vocabulary List Prompts**

3 C's of credit	<p>Character- A trait of creditworthiness that shows a responsible attitude toward paying debts</p> <p>Capacity- The ability to repay a loan from present income</p> <p>Collateral- Assets pledged to pay off a debt if payments are not made according to the contract; also called security</p>
CARD Act	Credit Card Accountability Responsibility and Disclosure Act, signed into law in May 2009, established fair and transparent practices in the credit card market
charge card	A credit card which requires full payment of the bill each month; no interest is charged
CRA	Credit Reporting Agency or credit bureau, a for-profit company that collects, stores, and distributes information about a consumer's payment habits
credit history	A record of your credit performance, how you pay back creditors
credit inquiry	A request by a business, a potential lender, to review your credit history because you have applied for credit with them
credit score	A number representing your creditworthiness, based on the factual information in your credit file
credit worthiness	The ability of a consumer to receive approval for the use of credit from an establishment to which they apply
default	The failure to meet a financial obligation
delinquent	Accounts past due, required payment not made to creditor
FICO	Fair Isaac and Company, a credit score (number) between 300 and 850 that summarizes your credit risk
installment credit	A contract for the loan of a specified amount, the contract issued tells the amount of purchase, the total finance charge, and the amount of each payment

revolving credit	A credit agreement that allows consumers to pay all or part of the outstanding balance on a loan or credit card. As credit is paid off, it becomes available to use again
secured credit	Loan for which some form of acceptable collateral, such as a house or automobile, has been pledged
service credit	Agreement to pay after you receive a service; examples include cell phone use or utilities