

Building and Protecting Your Credit Rating

SUBJECT(S): Personal Finance

GRADE LEVEL(S): 9, 10, 11, 12

≡ NBEA STANDARD(S):

- Personal Finance, VII. Using Credit

≡ RELATED ARTICLES:

- [“Zina Kumok: ‘Getting My First Credit Card Was So Exciting’”](#)
- [“The Rising Costs of a U.S. College Education”](#)
- [“The College Investment: Will It Pay Off?”](#)
- [“Paying for College: Why the Money Issue Is a ‘Big, Big Deal’”](#)
- [“Killing the ‘Cockroaches’ of Myths about Money”](#)
- [“Educator Toolkit: Financial Literacy”](#)
- [“Digital-age Danger: Learning to Protect Your Identity”](#)
- [“Budgeting Basics: Spending Less than You Earn”](#)

TOPIC/COMPETENCY: Credit: Impact of a good and bad credit score/report (higher interest rates, employment, insurance, credit denial)

CEE National Standard:

IV Using Credit, Standard 5 – Reasons why someone might be denied credit; Explain what credit bureaus do (Grade 12)

Jump\$tart National Standard:

II Credit & Debt, Standard 2- Summarize a borrower's rights and responsibilities related to credit reports.

Common Core State Standard:

CCSS.ELA-LITERACY.RI.9-10.2

CCSS.ELA-LITERACY.RI.9-10.3

CCSS.ELA-LITERACY.RI.9-10.4

LESSON TITLE: "Take a Stand on Credit Reports"

CONTENT STATEMENT: What factors can affect a person's credit report & score?

LEARNING OBJECTIVE: Understand the importance of building and protecting your credit rating

ESTIMATED TIME: 50 minutes class time; 50+/- minute assessment at home

MATERIALS NEEDED: Internet access for instructor; Projector; paper for taking notes; four (4) sheets Card Stock Paper; Markers; four (4) different news articles about Credit reports

KEY VOCABULARY/TERMS: [Budget](#), [Interest Deduction](#), [Medical Savings Accounts](#), [Net Worth](#), Assets, Liabilities

WHY THIS MATTERS TO YOU NOW: A credit report is like your "Adult Report Card" – it is a reflection of how trustworthy you are to pay back your debts. Your credit rating (score) is your "Money DNA" – and you must reveal this rating (score) on many occasions throughout your adult life.

Activities: 5-10 minutes

- Motivational hook / activity – Create interest in the material; Answer the question: "Why do I need or want to learn this material?"
 - Videos suggested for this age group are:

[Shaquille O'Neal's Credit Card was Declined at Walmart](#)

[Why Credit Is Important](#)

Credit Reporting: How It Works | TransUnion

Generate discussion with students about what they heard and saw about credit in each of the videos.

Comprehension – 10-15 minutes

Lecture to students and ask them to make notes on their own paper about what elements are found in a Credit Report

Have students **draw in their own notes a pie chart** that visually explains how a credit score is calculated – be sure to include the category names and the percentages

35% = Your Payment History (biggest piece of the pie for calculating a credit score)

30% = Amount Owed

15% = Length of Credit History

10% = Types of Credit in Use

10% = How Much New Credit You Have Recently Obtained

Tell students to write down the **range for a credit score**:

FICO = 300 to 850

Vantage = 501-990

Have them make note of the three (3) Credit Reporting Agencies: CRAs

Experian, Equifax and Transunion

Explain to students the difference between Lenders (Banks, Credit Unions, etc...) who report all activity to CRAs on credit accounts both good and bad

and Data Furnishers (Utility Co, Landlords, Cell Phone Co, Medical Providers) who only report late activity on credit accounts. .

Ask students to list in their notes **how long** items will stay on a person's Credit Report:

2 Years = Any/all inquiries made

7 Years = Late or Missed Payments

7-10 Years = Public Record Information (Tax Liens, Collection Items, Bankruptcy, etc...)

10 Years = Closed Accounts in good standing

Always = Accounts in good standing

Practicing – 30-minutes

“Take a Stand on Credit Reports” – Round Robin Reading Activity

Teacher Prep:

Task 1) Find and print out four (4) articles related to the impact of credit. *We have six (6) articles we recommend, several from Knowledge@Wharton Library and other resources too.

Task 2) Read through each article and become familiar with the content in each. See list at the end of these instructions.

Task 3) Post each of the articles to a large poster board or large “sticky sheet” of paper.

Task 4) Have small “sticky notes”, several highlight markers and pens/pencils available for student use.

Task 5) Prepare four (4) Table Tent cards by writing the words “Group A”, “Group B”, “Group C”, “Group D” and a brief explanation of the task assigned to groups A, B, C, D on the inside of each “Table Tent”

Task 6) Put students into 4 small groups. Ask students to physically move to their group in the classroom.

Task 7) The instructor will place a “Table Tent” on a desk in each small group of students. Here are the explanation of Reading Tasks that you will assign each group; write each explanation inside the “Table Tent”

- Group A –Your task will be to “mark text” by using markers to highlight any words or terms people in your group are unfamiliar with.

- Group B – Your task will be to “mark text” by underlining phrases that feel confusing to any member of the group.
- Group C –Your task will be to “mark text” by circling the author of the article, and circling any/all references to resources/references used in the article, circling any specific examples of Good or Bad credit outcomes exposed in the article.
- Group D – Your task will be to use small “sticky notes” and write down questions that come to mind as each member of the group reads the article. One question per “sticky note” and then stick the notes around the outer border of the poster board.

Credit Reports Round Robin Reading Activity – Let’s Get Started!

- **Round 1** – Upon receiving a cue from the instructor, each small group will walk to one corner of the room and begin reading the article and completing the task their group has been assigned. Allow 4-5 minutes per station to read and mark text. Give them 5-7 minutes to complete this first task. Students will read the article and can discuss among the group members how they should “mark text” for this article.
- **Rounds 2, 3, 4** – The instructor will give a 5 minute timer for each of the remaining stations and announce when it’s time to rotate. Each small group will continue until they have read all the articles and completed their assigned tasks.
- **Round 5** – Students return to their seats. Then the instructor will walk to each article posted in the room and read the comments, highlights and questions posted by students in the class. The instructor will debrief each article and engage students in more discussion about the **impact of good and bad credit** by asking students questions that incorporate CCSS ELA Standards:
 - Ask Group A to declare words they found unfamiliar to them in the fourth article.
 - Ask Group B to determine a central idea of the information text presented in one of the articles
 - Ask Group C to analyze the author’s ideas or claims are developed citing particular sentences in another one of the articles
 - Ask Group D to cite strong and thorough textual evidence of what the text says explicitly as well as inferences drawn from the text in the third of four articles.

Round 6 – (Final Round) As a final activity that engages each student in class, the instructor will ask all students to “Take a Stand on Credit Reports” and select the one (1) article about credit that made the biggest impression on them. Ask students to walk to that corner of the room and stand by the article they have chosen. This will allow students to physically take a stand on an

issue about money and see that their classmates may/may not have varying opinions of what is important to remember about the impact of good/bad credit.

Suggested Readings for the Credit Scores Round Robin Reading Game

- **Select any four news items below from our suggested articles to print for the Credit Reports Round Robin Reading Activity**
- **Take Command of Your Credit Score**
<https://globalyouth.wharton.upenn.edu/articles/take-command-of-your-credit-score/>
- **Credit Alert: The Dangers of Overspending and Underpaying**
<https://globalyouth.wharton.upenn.edu/articles/credit-alert-the-dangers-of-overspending-and-underpaying/>
- **The “Social” Credit Score: Separating the Data from the Noise**
<https://knowledge.wharton.upenn.edu/article/the-social-credit-score-separating-the-data-from-the-noise/>
- **Are Credit Bureaus Poised to Fight for the Customer?**
<https://knowledge.wharton.upenn.edu/article/can-credit-bureaus-fight-for-the-customer/>
- **How Long Does it Take to Build a Healthy Credit Score?**
<https://www.creditkarma.com/article/age-of-credit-history>
- **College Debt – Student Loans & Your Credit Report**
<http://www.360financialliteracy.org/Topics/Credit-and-Debt/Credit-History-and-Reports/How-Student-Loans-Impact-Your-Credit>

Assessment – (complete at home)

Students will create/design a Billboard about the “Impact of Good and Bad Credit Scores” that could be viewed by drivers in their city/town. Students should focus on **one – two main ideas** about credit reports & scores/good or bad credit. They can choose from one of the following ways to complete their assessment:

- Draw their Billboard by hand using up the entire space of an 8 ½ x 11 sheet of paper
- Create a digital billboard design using a drawing program on a computer
- Visit [DesignShack](#) for ideas to create an effective billboard.
- Grading: Score on Content/Theme, Neatness, On Time, Creativity, Spelling & Grammar

