

# Building Credit Early in Life – Important Rules of Thumb

**SUBMITTED BY:** Brian Page

**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’”](#)
- [“When It Comes to Student Loans, It Pays to Finish Your Degree”](#)
- [“The Power of Plastic: What to Know about What You Owe”](#)
- [“Take Command of Your Credit Score”](#)
- [“Killing the ‘Cockroaches’ of Myths about Money”](#)
- [“Getting Creative with Money”](#)
- [“Educator Toolkit: Paying for College”](#)
- [“Digital-age Danger: Learning to Protect Your Identity”](#)
- [“Credit Alert: The Dangers of Overspending and Underpaying”](#)

JUMP\$TART NATIONAL STANDARD: Credit and Debt, Standard 3

CEE NATIONAL STANDARD: Using Credit, Standard 1

COMMON CORE STATE STANDARD: CCRA.R.2

CONTENT STATEMENT: Establish rules of thumb to build credit early in life.

ESTIMATED TIME: 50 minutes

MATERIALS NEEDED: Internet (or printed articles); Projector; [Fact or Myth Worksheet](#) (included); [Building Credit Vocabulary Powerpoint](#) (included); [Fact or Myth Master](#) (Included); [CFPB Credit Rules to Live By](#) (Included)

KEY VOCABULARY/TERMS: Credit, Credit Score, Credit Utilization Rate, Rules of Thumb

WHY THIS MATTERS TO YOU NOW: Beginning at age 18, you will begin developing your financial reputation, also known as your credit history.

1. (Optional but recommended): Just prior to this lesson, expose students to a lesson focusing on credit reports.
2. Students complete the Fact or Myth worksheet.
  1. Students predict how a lack of credit history or bad credit will impact their every day life.
  2. Students read the article [“How Credit Impacts Your Day to Day Life”](#) and circle the correct responses.
  3. The teacher reviews the responses with the classroom. (They are all facts)
3. The teacher briefly introduces students to factors that contribute to building a strong FICO credit score by using [“What’s In Your Score?”](#).
  1. Show the short video clip
  2. Review the brief article and Infographic
4. Students read the following articles and identify credit building strategies.
  1. [“What’s The Best Way to Build My Credit Score?”](#)
  2. [“How Do I Get and Keep a Good Credit Score?”](#)
5. Model for students how the complexity of credit building can be coalesced into simple Rules of Thumb\* students can remember that are relevant to their lives now, or in the immediate future. Project and use the CFPB document MY Credit Rules to Live By as a guide.
6. Distribute to students the CFPB document MY Credit Rules to Live By as an example of the process of establishing a rule of thumb. Encourage students to use what they learned from the credit building articles, the FICO scoring model, and if applicable a prior lesson on credit reports, when developing their own rules of thumb.
7. Students share their rules of thumb with one another by writing them on the board.

HOMEWORK / FURTHER EXPLORATION: Read “[Getting my first credit card was so exciting](#)”, and comment directly in the article Commenting section about first credit card experiences. Note: Students must be registered WGYE users to comment on articles. It’s free, harmless and quick [to register!](#)

OPTIONAL:

- Use the Building Credit Vocab PowerPoint to review key vocabulary terms with students.

\* Research exhibiting the effectiveness of Rules of Thumb:

- *Consumer Voices on Financial Rules to Live By*. Rep. Consumer Financial Protection Bureau, May 2016. Web. 11 Apr. 2016. [http://files.consumerfinance.gov/f/201603\\_cfpb\\_rules-to-live-by\\_ideas-for-financial-educators.pdf](http://files.consumerfinance.gov/f/201603_cfpb_rules-to-live-by_ideas-for-financial-educators.pdf).
- Schoar, Antoinette, and Saugato Datta. *The Power of Heuristics*. Rep. Ideas42, Jan. 2014. Web. 12 Apr. 2016. [http://www.ideas42.org/wp-content/uploads/2015/05/ideas42\\_The-Power-of-Heuristics-2014-1.pdf](http://www.ideas42.org/wp-content/uploads/2015/05/ideas42_The-Power-of-Heuristics-2014-1.pdf).