LESSON PLAN

Using Payment Cards

IT'S A MONEY THING®

INCLUDED IN THIS PACKAGE

- **LESSON PLAN** *(2 pages)*
- **ACTIVITY A** *(1 page)*
- **ACTIVITY B** *(2 pages)*
- **QUIZ** *(1 page)*
- **ACTIVITY A ANSWER KEY** *(1 page)*
- **ACTIVITY B ANSWER KEY** *(1 page)*
- **QUIZ ANSWER KEY** *(1 page)*

COLLECT FROM YOUR LIBRARY

- **VIDEO 08** *(Comparing Cards)*
- **VIDEO 35** *(Using Your Credit Card)*
- **HANDOUT 08** *(Comparing Cards)*
- **HANDOUT 35** *(Using Your Credit Card)*
- **PRESENTATION 35** *(Using Your Credit Card)*

LESSON PLAN

Using Payment Cards

GRADES
7 to 12
TIME
45 minutes

OVERVIEW

Responsible credit card use is an important skill in personal finance. This lesson leads with a basic comparison of three popular payment types (debit cards, credit cards and prepaid debit cards). It then introduces students to the credit card billing cycle and provides a strategy for owning a credit card. Students will also practice how to interpret a credit card billing statement.

GOALS

- Help students understand the difference between popular card-based payment types
- Introduce students to responsible credit card use strategies
- Help students understand the credit card billing cycle

OBJECTIVES

- Compare different card-based payment types: debit cards, credit cards and prepaid debit cards
- Identify the credit card use strategy: "Pay it in full and on time"
- Identify the main components of credit card billing: billing cycle, balance, payment due date and grace period
- Read and interpret a monthly credit card statement

ASSESSMENT

Activities A and B can be used to gauge student understanding. An optional quiz has been provided with this lesson plan (the quiz is not factored into the lesson's 45-minute runtime).

Did you know? *This lesson plan explores concepts from Standard 4 (Using Credit) from the* ***Council for Economic Education's National Standards for Financial Literacy.***

MATERIALS

- ☐ **VIDEO 08**—*Comparing Cards*
- ☐ **VIDEO 35**—*Using Your Credit Card*
- ☐ **HANDOUT 08**—*Comparing Cards*
- ☐ **HANDOUT 35**—*Using Your Credit Card*
- ☐ **PRESENTATION 35**—*Using your Credit Card*
- ☐ **ACTIVITY A**—*Comparing Cards and Answer Key*
- ☐ **ACTIVITY B**—*Credit Card Statement and Answer Key*
- ☐ **QUIZ**—*Using Payment Cards and Answer Key*

PREPARATION

- *Gather digital materials (videos and presentation)*
- *Review discussion prompts for* **ACTIVITY A** *and the Answer Key for* **ACTIVITY B**
- *Print* **HANDOUT 08**, **HANDOUT 35** *and* **ACTIVITY B** *for each student*
- *(Optional) Print* **QUIZ** *(Using Payment Cards) for each student*
- *Create a chart on the board for* **ACTIVITY A** *before class; draw three columns and title them "DEBIT CARD" "CREDIT CARD" and "PREPAID DEBIT CARD"*

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TIMELINE

5 minutes	Introduce topic and **ACTIVITY A**
5 minutes	Show **VIDEO 08** *(Comparing Cards)*
10 minutes	Distribute **HANDOUT 08** and revisit **ACTIVITY A**; as a class, make corrections and add additional information as necessary
5 minutes	Introduce **VIDEO 35** *(Using Your Credit Card)*
10 minutes	Go over **PRESENTATION 35**
10 minutes	Distribute **HANDOUT 35** and **ACTIVITY B**; have students answer questions individually, then go over correct answers as a class
(Optional)	Assessment: **QUIZ** *(Using Payment Cards)*

INSTRUCTIONS

1. Introduce the topic: "Responsible credit card use is an important skill in personal finance, and the first step is understanding how it differs from other popular payment types."
2. Fill out the **ACTIVITY A** chart on the board with students' input about the three forms of card-based payment. Explain that you will review the answers as a class afterward.
3. Show **VIDEO 08**
4. Distribute **HANDOUT 08**
5. Review **ACTIVITY A**. Give students the opportunity to revise or edit their previous categorizations. Read out the **ACTIVITY A** prompts one at a time and have students sort them into the proper columns on the board.
6. Introduce the next video topic: "The best rule for using a credit card is to pay it in full and on time. This ensures your credit card remains a convenient payment method, and not a source of debt and stress. In order to be a responsible credit card user, you must understand your credit card's billing cycle."
7. Show **VIDEO 35**
8. Go over **PRESENTATION 35** to review the different components of a credit card billing cycle
9. Distribute **HANDOUT 35**
10. Distribute **ACTIVITY B**
    - Allow some time for students to answer the questions on their own
    - Go over the correct answers as a class
11. (Optional) Distribute **QUIZ** for individual assessment, or answer the questions together as a class

NOTES

ACTIVITY A

Using Payment Cards

GROUP BRAINSTORM

Directions: Display or recreate the following chart, then fill it out as a group.

Guiding Questions:

- *Where does the money come from for each payment type?*
- *When would you typically use each payment type?*
- *How does overspending affect each payment type?*
- *What are the pros and cons of each payment type?*

DEBIT CARDS	CREDIT CARDS	PREPAID DEBIT CARDS

ACTIVITY B

Using Payment Cards

CREDIT CARD STATEMENT

Directions: Use the sample credit card statement below to answer the questions on page 2.

CREDIT CARD STATEMENT OF ACCOUNT

FASTERCARD GOLD REWARDS CARD

Account Number	1234-5678-1200-5009
Statement Closing Date	04/27/19

JEN YOUNG
#5 1309 Leland Street
Sunnyside, ON
N0M 1B8

ACCOUNT SUMMARY

PREVIOUS BALANCE	$593.43
PAYMENTS AND CREDITS	-$593.43
PURCHASES	+$1,281.80
BALANCE TRANSFERS	$0.00
CASH ADVANCES	$0.00
FEES CHARGED	$0.00
INTEREST CHARGED	$0.00
NEW BALANCE	$1,281.80
CREDIT LINE	$5,000
CREDIT AVAILABLE	$3,718
PAST DUE AMOUNT	$0.00

PAYMENT INFORMATION

NEW REGULAR BALANCE	**$1,281.80**
PAYMENT DUE DATE	05/19/19
MINIMUM PAYMENT DUE	$25.00

Late Payment Warning: If we do not receive your minimum payment by the date listed above, you may have to pay a late fee of up to $47.00.

If you make no additional charges using this card and each month you pay:	You will pay off the balance shown on this statement in about:	And you will end up paying an estimated total of:
Minimum payment only	16 years	$3,524

REGULAR TRANSACTIONS DETAILS

TRANSACTION NUMBER	TRANSACTION DATE	POSTING DATE	DESCRIPTION	AMOUNT
001	28 03	28 03	COFFEE CORNER	6.29
002	29 03	29 03	EVENT TICKETS	23.47
003	29 03	29 03	GROCERY STORE	52.92
004	31 03	01 04	LUIGI'S SPAGHETTI CAFÉ	35.21
005	01 04	01 04	BANANAPHONE MOBILE	61.60
006	02 04	02 04	MOVIEFLIX SUBSCRIPTION	9.99
007	02 04	02 04	GROCERY STORE	21.47
006	02 04	02 04	WIRED CABLESYSTEMS	89.90
007	02 04	02 04	QUICKMART CONVENIENCE	3.11

ACTIVITY B

Using Payment Cards

CREDIT CARD STATEMENT

Directions: Use the information found on Jen's credit card statement to answer the following questions.

1. What is Jen's current balance? _____
2. What is Jen's credit limit? _____
3. Did Jen pay her balance in full last month? _____
4. When is Jen's credit card payment due? _____
5. What's the minimum amount Jen has to pay before the due date in order to avoid late fees?

   _____

6. If Jen only makes the minimum payment, how long will it take her to pay off her balance?

   _____

7. What's the minimum amount Jen has to pay before the due date in order to not be charged interest?

   _____

QUIZ
Using Payment Cards

NAME: _____

TOTAL
/ 10 pts

FILL IN THE BLANKS

Directions: Fill in the blanks using either DEBIT CARD, CREDIT CARD or PREPAID DEBIT CARD.

1. A _____ is like an instant personal cheque.
2. A _____ is like cash, but in card form.
3. A _____ is a convenient way to borrow money.

/3 pts

SHORT ANSWER

Directions: Answer the following question in a few words.

4. What's the best way to use your credit card responsibly?

_____

/2 pts

TRUE OR FALSE

Directions: CIRCLE either true or false.

5. TRUE or FALSE — A billing cycle is the period of time between billings.
6. TRUE or FALSE — A billing cycle is always 30 days.
7. TRUE or FALSE — The grace period is the span of time between the close of your billing cycle and the payment due date.
8. TRUE or FALSE — Making the minimum payment every month will get you out of credit card debt.
9. TRUE or FALSE — Paying your credit card balance on time every month will protect you from late fees.

/5 pts

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ACTIVITY A ANSWER KEY

Using Payment Cards

GROUP BRAINSTORM

Directions: Review the chart and add information or make corrections as necessary.

DEBIT CARDS	CREDIT CARDS	PREPAID DEBIT CARDS
• *Linked to your chequing account*	• *Linked to a line of credit*	• *Not linked to an account or a line of credit*
• *Think of it like an instant personal cheque*	• *Think of it like a convenient way to borrow money*	• *Think of it like cash, but in card form*
• *Transactions are taken out of your bank account right away*	• *Transactions are covered by the card issuer or financial institution, and you then have to pay them back at a later date*	• *Prepaid cards can only access funds already loaded onto it—some are single-use and some are reloadable*
• *You can be charged overdraft fees for overdrawing (attempting to spend more than is available) in your account*	• *Easy to overspend, which leads to carrying a balance and paying interest on the outstanding balance*	• *In most cases, prepaid cards cannot be overdrawn—a transaction greater than the dollar value of the card will be declined*
• *Does not affect your credit score*	• *Builds your credit score when used responsibly*	• *Does not affect your credit score*
• *Requires opening a chequing account*	• *Requires an application and approval process*	• *No approval process; anyone can own one*
• *May have a monthly fee or require a minimum balance in your bank account*	• *May have an annual fee*	• *May have activation fees or reload fees*
• *Can be used to withdraw money from your chequing account at ATMs*	• *High transaction fees are applied for using a credit card to withdraw cash at ATMs*	• *Generally cannot be used to take out cash at ATMs*

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ACTIVITY B ANSWER KEY

Using Payment Cards

CREDIT CARD STATEMENT

Directions: Use the information found on Jen's credit card statement to answer the following questions.

1. What is Jen's current balance? *$1,281.80*
2. What is Jen's credit limit? *$5,000*
3. Did Jen pay her balance in full last month? *YES (the Account Summary shows no past due amount)*
4. When is Jen's credit card payment due? *May 19th, 2019 (05/19/19)*
5. What's the minimum amount Jen has to pay before the due date in order to avoid late fees?
   $25.00 (making the minimum payment will protect Jen from late payment fees)
6. If Jen only makes the minimum payment, how long will it take her to pay off her balance?
   16 years (making only the minimum payment can keep you in debt for a very long time)
7. What's the minimum amount Jen has to pay before the due date in order to not be charged interest?
   $1,281.80 (the only way to use your credit card responsibly is to pay it in full and on time)

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QUIZ ANSWER KEY

Using Payment Cards

FILL IN THE BLANKS

Directions: Fill in the blanks using either DEBIT CARD, CREDIT CARD or PREPAID DEBIT CARD.

1. A *DEBIT CARD* is like an instant personal cheque.
2. A *PREPAID DEBIT CARD* is like cash, but in card form.
3. A *CREDIT CARD* is a convenient way to borrow money.

/3 pts

SHORT ANSWER

Directions: Answer the following question in a few words.

4. What's the best way to use your credit card responsibly?
   PAY YOUR BALANCE IN FULL AND ON TIME

/2 pts

TRUE OR FALSE

Directions: CIRCLE either true or false.

5. (TRUE) or FALSE — A billing cycle is the period of time between billings.
6. TRUE or (FALSE) — A billing cycle is always 30 days.
7. (TRUE) or FALSE — The grace period is the span of time between the close of your billing cycle and the payment due date.
8. TRUE or (FALSE) — Making the minimum payment every month will get you out of credit card debt.
9. (TRUE) or FALSE — Paying your credit card balance on time every month will protect you from late fees.

/5 pts