



BIZ KID\$

Episode 109: Cash and Credit

Episode 109 Synopsis:

You'll learn about the power and pitfalls of credit, which is essentially using someone else's money temporarily (for a price). Meet a young entrepreneur who used credit to start a successful bath salts business and another who launched a successful design firm. And, as a cautionary tale, we talk to a young woman who had fun buying with credit until she found herself in bankruptcy.

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Biz Kid\$ Curriculum Package #109



BIZ KID\$

BIZ TERMS

Episode 109: Cash and Credit

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|--------------------|-------------------|
| 1. ace | 10. credit bureau |
| 2. alternate | 11. credit report |
| 3. amateur | 12. currency |
| 4. available funds | 13. debit card |
| 5. benefit | 14. drawback |
| 6. cash | 15. mortgage |
| 7. check | 16. overspend |
| 8. convenient | 17. repay |
| 9. credit | |

Suggestions for using Biz Terms include:

- Have students research and write dictionary definitions.
- Discuss the use of these terms in the episode of "Biz Kid\$".
- Have students construct sentences using these terms.
- Have students write paragraphs, stories, dialogs, "raps", or lyrics.



Episode 109 Cash and Credit

Equipment/Materials/Prep needed:

Day One and Day Two:

- TV or projection system
- DVD player
- DVD of Episode 109

Day Two only:

- Student copies of the "Family Activity Sheet".
- Student copies of the "Biz Terms" Sheet.
- Paper, pens, pencils, color markers, and highlighters for students making ads and posters.
- Computers for students to explore web sites listed.
- Guest speaker to be greeted and directed to the correct location for the session.

Preparation:

- Check to be sure needed equipment is available and operational prior to the sessions.
- Gather listed materials.
- Make an appropriate number of copies of the "Biz Terms" Sheet and the "Family Activity Sheet".
- Invite guest speaker from the local community regarding fraud and how to prevent being scammed.





Episode 109: Cash and Credit

Day One

Previewing Questions:

Day One Introduction

Welcome students/youth to "**Biz Kid\$**" and introduce yourself, giving your name and job title.

Explain that "**Biz Kid\$**" is a program to help people become financially educated, learn work-readiness skills, and to even become entrepreneurs...Biz Kids!!! They can view the program "**Biz Kid\$**" with their families on Public Television stations all over the country, and also participate by using the "**Biz Kids**" web site. Today, they get to see an episode with you.

Today's pre-viewing question:

Do you, or does your family, pay for things using cash or credit, or a combination of both?

Currency is money (paper or coin) used as a medium of exchange. We'll consider the term "**cash**" to mean all currency.

What do the terms check and debit card mean?

Solicit student definitions for the terms.



Define the use of **checks** and **debit cards** as alternate means of using **currency**. Explain that debit cards and checks are similar to currency because they withdraw money directly from a person's financial accounts.

How do credit cards work?

Today's episode of "**Biz Kid\$**" will help you better understand these different ways of paying for purchases, and will make you aware of the pros and cons of your choices.

Let's watch the program now.

Show Episode 109: "Cash and Credit"

Activity to follow viewing the program together:

Encourage students/youth to stand and stretch a minute, and then ask them to please be seated.

Write the word "Currency" on the board or on a blank overhead transparency.

Under the word, write a plus (+) and a minus (-) symbol divided by a vertical line.

Ask the students to explain why it might be good to use currency to make payments.

Record the students' responses under the plus column.

Ideas may include:

- Using currency helps people become more aware of their available funds.



- Using currency assures that people will not spend more money than they actually have available.

Ask students to explain the drawbacks of using currency to make all payments.

Record the responses under the minus column.

Ideas may include:

- Carrying large quantities of cash is often inconvenient.
- Carrying large quantities of cash makes people vulnerable to theft without any way of recouping their loss.

That brings us to the topic of **credit**.

Define **credit** as a loan of money from a financial institution (including the "Bank of Mom and Dad or Grandparents"), which must be repaid at a later date, often with interest. What you borrow, you must repay!

Sometimes, when people don't have enough currency to pay for an item that they want or need, they borrow money to make the purchase. Automobile loans and home mortgages are examples of forms of credit other than credit cards.

I really appreciate your attention and participation during this session, and I hope you look forward to the next one!



Episode 109: Cash and Credit

Day Two

Day Two Introduction

Play part of the theme music for "Biz Kid\$" from the episode intro to motivate and engage the students. Then stop the music, welcome the students/youth to today's session, and introduce yourself.

Review and Connect with the Previous Session

In **Episode 109 of "Biz Kid\$"**, the pros and cons of using cash or credit to pay for purchases were explained in more detail. It was stated that there are "rules" for using credit. They explained that using credit means that you are using other people's money. Therefore, you will pay more money back than you borrowed, due to interest charged for the "loan" of the money.

We met **Spencer**, who made bath salts to help his Mom recover from an accident. She helped him establish credit to start his business "**Aquatic Splash**". He leaves his credit card at home so he's not tempted to use it carelessly.

Blake and Chris started a graphic design company. They said that credit is a tool to develop a business; you borrow money to make money to pay back money. They borrowed money from their parents, with a written agreement, like any business loan, having terms for the amount to be repaid. They said you can't just sit back, but really have to work hard and make something happen.

Finally there was **Nick Barr**, the bass fisherman. He had a goal of competing on a national tour, as well as a career objective, and he needed his own



boat. His grandparents loaned him the money to buy the boat, investing in his future, but also with an agreement regarding repayment. His grandfather said, "Your word is your bond", an idea worth remembering.

There are also characters like "**Fast-talking Credit Guy**" who will encourage people to spend more than they can afford...NOT a good idea!

Activity

Write the words "**Credit Cards**" on the board or on a blank overhead transparency.

Below the words, write a plus (+) and a minus (-) symbol separated by a vertical line.

Ask the students to explain why it might be good to use credit to make purchases.

Record the responses in the plus column.

Ideas may include that the use of credit cards:

- Is convenient because it eliminates the need to carry large amounts of money.
- Allows users extra time to accumulate the necessary money to pay for the items they want or need.
- Gives the user more purchasing power.

Ask the students to explain the drawbacks to using credit to make purchases.

Record the student responses in the minus column.

Ideas may include that using credit cards:

- May make consumers feel as if they have more money to spend than they actually have.



- May encourage consumers to overspend.

Distribute **Page One** of the "Amateur or Ace" Worksheets to each student. Ask a student volunteer to read the sentence at the top of the sheet. Explain that there are sound or flawed ways that people can respond to each financial situation.

Instruct the students to write a sentence that describes a poor financial response under the column labeled "**Amateur.**"

Display the left side of the "**Amateur or Ace Worksheet Key**" **Overhead Transparency** on the overhead projector.

Read the "**Amateur**" sentence to the students and explain that this is an example of a poor financial response for this situation. Ask for one or two students to share their written responses with the class.

Instruct the students to write a sentence that describes a good financial response under the column labeled "**Ace.**"

Display the right side of the "**Amateur or Ace Worksheet Key**" **Overhead Transparency** on the overhead projector. Read the "**Ace**" sentence to the students and explain that this is an example of a wise financial response for this situation. Ask for one or two students to share their written responses with the class.

Distribute the remainder of the "**Amateur or Ace Worksheets**" (pages 2,3,4,and 5) to each student.

Students are to write a response to the sentence at the top of each page, and then illustrate the sentences in the space provided.

After a 15 -20 minute work period, ask if anyone wants to share their financial responses and illustrations. Have students share as time permits.



Summary and Review

Ask the students to briefly restate some of the pros and cons of using **cash** and **credit**.

Then ask for a show of hands by anyone who will think about those choices more carefully in the future as a result of what they learned from this program.

Distribute the "**Family Activity Sheet**" and the "**Biz Terms Sheet**" for Episode 109 to all students/youth.

Thank students for their attention and participation. Encourage them to continue to think like a "Biz Kid" and be financially smart!



Episode 109: Cash and Credit

Family Activity Sheet

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Family Activities:

How does your family use cash and credit? Talk to your child about the items you have purchased on credit, such as your home or vehicle. Explain why credit was helpful in making those purchases.

Do research with your child to learn about credit bureaus, credit reports, and how to read a credit card statement. Discuss the serious consequences of misusing credit cards, especially the negative impact it can have on a person's future.

