



## BIZ KID\$

# Episode 115: Using Your Credit – Crazy or Compelling?

### Episode 115 Synopsis:

Don't live on borrowed time. Join the Biz Kid\$ and you'll see the true cost of purchasing with credit. You'll also have an unsettling look at credit scores and the increasing number of people and places (employers, insurers, colleges, etc.) who are using these scores to make major decisions that could affect your future. Meet entrepreneurs who have successfully navigated credit pitfalls.

### Contents

Biz Terms (Vocabulary)  
Equipment and Materials Needed  
Day One: Lesson Plan  
Day Two: Lesson Plan  
Family Activity Sheet

### Biz Kid\$ Curriculum Package #115



## **BIZ KID\$**

### **BIZ TERMS**

#### **Episode 115: Using Your Credit – Crazy or Compelling?**

1. borrower
2. consumer
3. credit
4. credit history
5. credit score
6. financial institution
7. good credit risk
8. interest
9. interest rate
10. lending institution
11. line of 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 115 Using Your Credit – Crazy or Compelling?

### Equipment/Materials/Prep needed:

#### Day One and Day Two:

- TV or projection system
- DVD player
- DVD of Episode 115

#### 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 115: Using Your Credit – Crazy or Compelling?

### 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 questions:

Has there ever been something that you really wanted, but you didn't have the money to buy it?

Let's list some of those items.

***Record students' responses on a blank overhead transparency.***

#### Some suggestions might include:

- Video games
- Video-game system
- Music players
- Room decorations



- Clothes
- Shoes

Ask the students how they would make a purchase if they really needed an item and did not have the money at that exact moment.

*Student responses may reflect that they would borrow the necessary money from family members or friends.*

Ask the students if they would eventually need to pay back the person who lent them the money.

Today's episode of "**Biz Kid\$**" will explain how credit can be your friend or your enemy. Let's watch it together.

Show Episode 115: "Using Your Credit – Crazy or Compelling?"

Activity to follow viewing the program together:

This program showed you that using credit can be a positive or negative experience.

1. Write the word **credit** on a blank overhead transparency or on a board or chart visible to all students/youth.
2. Define **credit** as an amount of money that is loaned with the expectation that it will be repaid at a later date.

**Explain that when a person uses credit, they are borrowing money from a financial institution, such as a credit union or a bank.**

**Businesses that provide money-related services lend money to people who they trust will return the money to them by a specified date.**



**If the money is not repaid in full by the specified date, the lender will charge additional fees which may include interest and late fees.**

**Listen to this scenario:**

You borrow \$10,000 to buy a car and agree to pay it back over five years, at an interest rate of six percent.

1. Can anyone tell me what amount of money you will have to pay back on this loan?
2. You will actually pay \$13,000 for the car by the end of five years. That's \$3000 more than you would have paid if you had the cash available when you bought the car.

Credit can be great when it allows you to get something you really **need** when you don't have the money; but it can also result in costing a lot more than if you had paid in cash.

We'll learn how you can build good credit in our next session!

Thanks your participation and for being such an attentive audience!



## Episode 115 Using Your Credit – Crazy or Compelling?

### 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

1. Does anyone here think they want to receive a **"SqueezeYa Credit Card?"**
2. Do you think you want a visit from **"Creditzilla"?**

Hopefully not, especially if you watched **Episode 115 of "Biz Kid\$" titled "Using Your Credit – Crazy or Compelling"**.

**You were introduced to some young entrepreneurs in the show who experienced using credit, but not all of them made smart decisions. There are consequences, positive and negative, when you borrow money.**

We met **Monica** who manufactures cases for *iPods* through the company she started called "*i wear*". She worked with an organization called **"BUILD"** to help launch her business. She learned to improve her presentation skills and business plan.



**John**, the real estate salesman, established a good reputation and a good credit score. He explained that once you have bad credit, it's much more difficult to fix it.

**Celia**, the graphic designer, also worked with a micro business development group that gave her valuable tools and information to establish her business.

**David**, however, was a victim of his own poor choices regarding credit. He went over his dollar limit and had extra fees added, including late fees and a higher interest charge. He was paying \$2700 in finance charges and fees alone, in addition to the original amount he borrowed. He suggested that you cut up credit card offers that come in the mail! Learn from his mistakes!

Finally, **James** created a business called "**B-Loons Army**" with a good business plan and a good credit history. He also had the help of a micro business development company.

Having **good credit** means that the user has proven that he or she is someone to whom a financial institution would feel comfortable lending money.

There are other advantages to having good credit, including getting lower interest rates on loans and establishing a reputation of being trustworthy.

You, as a class, are going to participate in an activity that will help you determine the characteristics of a good borrower.

## Activity

Distribute the "**Ways to Build Good Credit Sheet**" to each student.

***Display the Overhead Transparency of the same sheet.***





With the students, review this list and discuss why each item might be important in terms of establishing credit.

**Explain that during this activity, the class will act as moneylenders.**

Two students will be selected to read different credit scenarios to the class. The remainder of the students will use the tips listed on the **"Ways to Build Good Credit Sheet"** to determine whether or not the scenario's character would be a good borrower.

**After each scenario, the entire class will discuss the reasons why the character would or would not be a good credit risk.**

**Define a good credit risk as an individual or company with a high likelihood of paying back a loan according to the agreed-upon terms.**

- Ask for two volunteers who would like to read aloud to the class.
- Give the students each a **"Credit Scenario A" Card** from the **"Credit Scenarios Sheet."**
- Ask the readers to take turns reading the cards to the class.
- After both students have read their scenarios, ask the class to whom they would feel most comfortable lending money, and why.

Encourage discussion by allowing multiple students to respond.

**Repeat this activity for scenarios B through D.**

Summary and Review

**Remind students that credit is neither good nor bad; it's how an individual uses credit that determines whether it's a positive or a negative.**



**With the teacher's co-operation, invite the students to create and display posters making others aware of the advantages of having good credit and/or the problems that can arise from having poor credit.**

**They have learned the benefits of having good credit in this lesson.**

**They might list problems with poor credit such as:**

- Trouble establishing new lines of credit
- Ineligibility for jobs
- Higher interest rates on loans

Distribute the **"Family Activity Sheet"** and the **"Biz Terms Sheet"** for Episode 115 to all students/youth.

Encourage them to use and share their knowledge to help themselves and their families to be financially smart!



## Episode 115 Using Your Credit – Crazy or Compelling?

### Family Activity Sheet

#### Episode 115 Synopsis:

**Living on borrowed time: The Biz Kid\$ see the true cost of purchasing with credit. They also take an unsettling look at credit scores and the increasing number of people and places (employers, insurers, colleges, etc.) who are using them to make major decisions that affect young peoples' futures.**

#### Family Activities:

How does your family use credit?

1. Discuss credit choices with your child.
2. Do research together to learn more about credit bureaus, credit reports, and how to read a credit card statement.
3. Explain why credit is needed, and how you choose a financial institution to supply the loan.

Your child will benefit from learning about poor credit choices that can negatively affect credit scores.

When your child asks about getting a credit card of their own, or receives an unsolicited offer for credit in the mail, honestly discuss the pros and cons of this issue before coming to a decision.

Have a family movie night and make it educational by watching one of the following documentary films about the United States' troubles with credit:

- *In Debt We Trust*
- *Maxed Out*