



## Semester Course

### 4.0: Types of Credit

Unit Plan for Teachers

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All lessons are approximately 45 minutes long.

- To access lesson guides and answer keys, please visit the [Types of Credit Unit Page](#) while logged into your NGPF teacher account.
- Vocabulary and Unit Review for this unit can be found on the [Unit Review Page](#)

### 4.1 Intro to Credit

**Students will be able to:**

- Identify the major types of credit and their characteristics
- Understand the three basic components of lines of credit: principal, interest rate, and term
- Define net worth and how it is calculated

**Resources:** [Lesson Guide](#)  
[Student Activity Packet](#)

**National Standards for Personal Financial Education:**

Managing Credit

- 1b: Compare the cost of borrowing \$1,000 by means of different consumer credit options
- 2a: Give examples of unsecured and secured loans

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### 4.2 Young People & Credit Cards

**Students will be able to:**

- Enumerate the differences between debit, prepaid debit, and credit cards
- Identify at least 3 ways a young adult can gain access to a credit card, even before they are 21
- Read a Schumer Box

**Resources:** [Lesson Guide](#)  
[Student Activity Packet](#)

**National Standards for Personal Financial Education Standards:**

Managing Credit

- 1a: Explain how credit card grace periods, methods of interest calculation and fees affect borrowing costs
  - 8b: Explain how a borrower's credit score can impact their cost of credit and their ability to get credit
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## 4.3 Using Credit Cards Wisely

### **Students will be able to:**

- Explain why a person may need or want to use credit
- Explain how a credit card works in terms of making purchases and managing payments
- Understand how interest is charged and how to avoid or minimize it

**Resources:** [Lesson Guide](#)  
[Student Activity Packet](#)

### **National Standards for Personal Financial Education:**

#### Managing Credit

- 1b: Compare the cost of borrowing \$1,000 using consumer credit options that differ in rates and fees
  - 10a: Describe how failing to repay a loan can negatively impact a person's finances and life
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## 4.4 Loan Fundamentals

### **Students will be able to:**

- Interpret data to understand what types of debt the average American household has
- Differentiate between amortized installment loans and revolving credit lines
- Read an amortization table and understand how the payments are structured
- Describe how Buy Now, Pay Later plans work

**Resources:** [Lesson Guide](#)  
[Student Activity Packet](#)

### **National Standards for Personal Financial Education:**

#### Managing Credit

- 1b: Compare the cost of borrowing \$1,000 by means of different consumer credit options
  - 13b: Discuss the costs and benefits of using alternative financial services relative to traditional banking
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## 4.5 Auto Loans

### **Students will be able to:**

- Calculate how much an auto loan will cost given special offers as well as standard factors such as down payment, APR, and term
- Compare auto loan offers and decide how they fit within your budget

**Resources:** [Lesson Guide](#)  
[Student Activity Packet](#)

### **National Standards for Personal Financial Education:**

#### Managing Credit

- 1b: Compare the cost of borrowing \$1,000 by means of different consumer credit options
- 2a: Give examples of unsecured and secured loans
- 2c: Compare what happens if a borrower fails to make required payments on a secured loan, such as an

- auto loan or a home mortgage, versus failing to pay a credit card account
  - 6a: Identify examples of loans that may require down payment
  - 6c: For a specified loan amount, compare the monthly loan payment with a 10% down payment versus a 20% down payment
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## 4.6 Mortgages

### **Students will be able to:**

- Explain what a mortgage is and why most Americans require one to finance a home
- Use a mortgage calculator to explore how downpayment, credit score, interest rate, and term all impact the total cost of buying a home
- Distinguish between fixed- and adjustable-rate mortgages

**Resources:** [Lesson Guide](#)  
[Student Activity Packet](#)

### **National Standards for Personal Financial Education:**

#### Managing Credit

- 2a: Give examples of unsecured and secured loans
  - 2c: Compare what happens if a borrower fails to make required payments on a secured loan, such as an auto loan or a home mortgage, versus failing to pay a credit card account
  - 3b: Differentiate between adjustable-rate and fixed-rate mortgages
  - 3c: Compare monthly mortgage payments for loans that differ in repayment period, amount borrowed, and interest rate
  - 6a: Identify examples of loans that may require down payments
  - 6c: For a specified loan amount, compare the monthly loan payment with a 10% down payment versus a 20% down payment
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## 4.7 Predatory Lending

### **Students will be able to:**

- Explain what a payday loan is and how it can cause users to fall into a cycle of debt
- Identify what financial need payday lenders are meeting and why consumers use payday loans
- Compare the price of borrowing money using various loan and credit products

**Resources:** [Lesson Guide](#)  
[Student Activity Packet](#)

### **National Standards for Personal Financial Education:**

#### Managing Credit

- 1b: Compare the cost of borrowing \$1,000 using consumer credit options that differ in rates and fees
  - 10a: Describe how failing to repay a loan can negatively impact a person's finances and life
  - 10c: Create a plan for a person who is having difficulty repaying debt
  - 13a: Identify products and practices that are classified as alternative financial services
  - 13b: Discuss the costs and benefits of using alternative financial services relative to traditional banking
  - 13c: Explain how using payday loans can cause a cycle of debt
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## 4.0 Unit Assessments

Teachers, you can access unit assessments on the corresponding [Unit Page](#). You will need to be logged into your Teacher Account.

Unit Assessment Includes:

- 25 Multiple Choice
- 5 Short Answer
- 1 Essay