



Financial Literacy: Mastering Money Matters for High School Educators

Webinar 5: " Standard 5 - Managing Credit: Borrowing and Repaying Responsibly"

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Agenda



- **Journal and Approach**
- **Overview and Application Ideas**
 - **Assessment**
 - **Resources**
 - **Q and A**

Objective



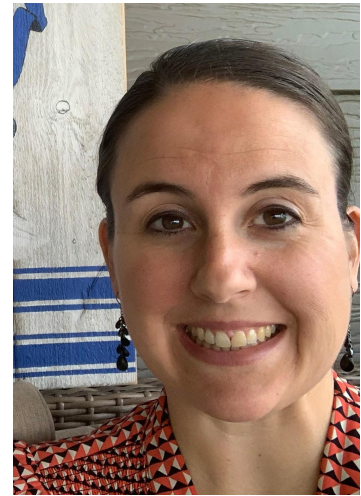
Objective: Simplify credit concepts and debt management, offering teachers resources for impactful student lessons on credit responsibility.

- Topics Covered:

- Understanding Credit Scores and Reports
- Principles of Responsible Borrowing
- Classroom Integration: Credit scenario analyses and debt management role-plays

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- K-16 Economic Education Projects
- Former 5-12 Social Studies Teacher
- K-12 Principal, K-12 Superintendent Licenses



Personal Finance: Money Management



[Article Link](#)

Overall Rank ⬇	City ⬇	Percentile Rank* ⬇	Median Credit Score ⬇	Credit-Card Debt-to-Income Ratio ⬇	Mortgage Debt-to-Income Ratio ⬇	Car-Loan Debt-to-Income Ratio ⬇	Student-Loan Debt-to-Income Ratio ⬇	Avg. Number of Late Payment ⬇
1	Cupertino, CA	99	776	1.55%	390.25%	12.06%	12.02%	0.55
2	Los Altos, CA	99	787	2.06%	347.38%	8.46%	10.01%	0.29
3	Lexington, MA	99	781	2.33%	336.81%	9.77%	15.35%	0.43
4	Palo Alto, CA	99	775	2.03%	414.47%	10.97%	14.15%	0.51
5	Chevy Chase, MD	99	772	2.37%	251.37%	8.08%	13.38%	0.76
6	Sunnyvale, CA	99	764	1.85%	398.22%	14.24%	11.38%	0.91
7	Saratoga, CA	99	788	2.23%	448.36%	12.17%	8.55%	0.36
8	Scarsdale, NY	99	773	2.63%	235.14%	6.84%	10.43%	0.73
9	Mountain View, CA	99	788	2.53%	348.33%	12.27%	14.51%	0.79



Key Terms- [EconEdLink](#) Glossary

Debt

Money owed to someone else--as in I've got a debt of \$900. Also the state or condition of owing money--as in Jones is always in debt.

Borrower

An individual who has received and used something belonging to somebody else, with the intention of returning or repaying it--often with interest in the case of borrowed money.

Credit Rating

An evaluation of a borrower's ability to repay a loan based on his or her character, capacity, and capital.

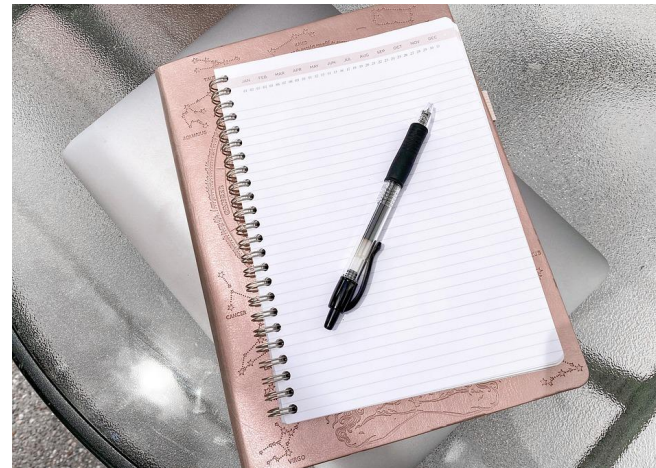
Credit Report

A report about a person's credit history, including his or her ability and willingness to repay debts, based on how reliably he or she has repaid debts in the past. Also known as a credit record.

Reflection Journal

Paper or Word Document

- Pause and reflect:
 - Answer the questions
 - Make connections to your situation
 - Application



Why are the three C's of credit important?

Reflect in journal.



“The bank found suspicious activity on my credit card. It was being used responsibly to buy necessary things.”

Overview and Application Ideas

(EconEdLink, Personal Examples)



Understanding Credit Scores and Reports



Three C's of Credit



- Character
 - Honesty to pay a debt when it is due.
 - How past debt obligations were handled
- Capacity
 - Refers to a person's ability to pay a debt when it is due
- Capital
 - Current available assets that could be used to repay debt if income was to become unavailable





Information used to calculate a credit score

- 35% Payment history
- 30% Managing your debt
- 15% Length of credit history
- 10% Diversity of accounts
- 10% Number of credit applications

What is a credit score?

- [Credit Reports and Scores](#) Lesson
 - Objectives and Resources





Principles of Responsible Borrowing



How can I be a responsible borrower?

- Responsible Borrowing [Video](#) (Federal Student Aid)
- [7 Ways To Be A Responsible Borrower](#) Article
 - Jigsaw or role-play activity
 - Refer back to three C's to connect



Classroom Integration:
Credit scenario analyses &
debt management role-plays





How can I integrate this into the classroom meaningfully?

- Consider looking into the [National Personal Finance Challenge](#)
 - Local options, scenarios
- Create [scenarios](#) to discuss as a class or invite a guest speaker

Side Bar:

Discussions

“Money, says the proverb, makes money. When you have got a little, it is often easy to get more. The great difficulty is to get that little.”

Adam Smith



National Standards

[The National Standards for Personal Financial Education \(2021\)](#)

The National Standards for Personal Financial Education is organized around six topics, with Standards and Learning Outcomes expected by the end of the 4th, 8th, and 12th grades.

The Topics are:

I. Earning Income

II. Spending

III. Saving

IV. Investing

V. Managing Credit

VI. Managing Risk

Assessment Ideas

Quotes:

Discuss with students

**“Gold is money. Everything
else is credit.”**

J.P. Morgan



Essay:

- Have students reflect and write about how they plan to use credit in the future. Make sure they bold the following words in their essay and use them correctly; collateral, character, capacity, credit, debt management and opportunity cost (expand this list as needed).

References

- Additional MCEE K-12 Resources: z.umn.edu/TeacherResources
- Council for Economic Education (National):
 - [EconEdLink](#)



Looking ahead...





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- 4/25: Standard #6 (4-5 CT)
 - 4/30: Standards #4-6 Recap and Breakout Rooms (4-5 CT)

Q & A (Or Comments)



Thank You

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FinEd50 is a coalition of non-profit organizations, researchers, corporate partners, and professional organizations that believes that personal finance education is a crucial tool to helping people better navigate their financial lives, make informed decisions regarding their life choices, and take more control over their own futures.

FinEd50: Financial Education for American

Currently, only 24 states require personal finance education courses in the United States. Research indicates that a quality financial education leads to improved future credit scores, declines in payday lending, student loan payment increases, student borrowing shifting to lower cost options, and overall financial well-being!

Recognizing that education is the realm of state and local leadership, FinEd50 is dedicated to achieving:

State Level Action: State-level action that guarantees equitable access for every student to a robust, high-quality personal finance course;

National Standards: Courses and educational materials that address the content outlined in National Standards for Personal Financial Education and are culturally relevant and respectful to students' lived experiences;

Innovative Funding: Innovative funding mechanisms and professional development in place to support and develop a corps of high-quality teachers with access to new professional development opportunities to teach personal finance; and

Measurement: A mechanism for measuring access to courses on personal finance and equitable reach of state requirements.

Learn more about FinEd50:

Advocacy

Why do we do that?



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