



Financial Literacy Education Lesson Plan



Lesson 8: Your Credit Story

55 minutes¹

Domain

- Credit and Debt

Oregon High School Personal Financial Education Content Standards²

- **HS.PFE.A.1:** Understand components used to build credit and investigate actions that could impact personal credit scores.

Essential Questions

- What are credit scores and credit reports?
- How can understanding my credit score and credit report help me make smart financial decisions and reach my future goals?

Learning Targets

I can:

- Identify the main parts of a credit report.
- Explain what affects a person's credit history and credit score and determine which choices help or hurt them.

Supplies

1. Projector
2. Presentation slides (Note: Speaker notes are provided in the lesson plan and in the accompanying PowerPoint slides.)
3. Student handouts
4. A large writing surface such as chart paper and markers, whiteboard, or chalkboard

¹ This lesson is designed for approximately 55 minutes, but timing may vary based on student discussion, reflection, and engagement. Feel free to adjust the pacing or extend activities as needed.

² The Oregon High School Personal Financial Education Content Standards are located at:
https://www.oregon.gov/ode/students-and-family/OregonDiploma/Documents/FINAL%20PFE%20Standards_AdoptedAccessible.pdf

Preparation

1. Make copies of student handouts.
2. Set up projector with presentation slides.

Overview

This lesson introduces students to credit reports and credit scores, the five main factors that determine credit scores, and actions that build and damage credit. Students will work in groups to analyze and answer questions about a mock credit report and review and respond to credit score scenarios. The class emphasizes that credit reports are financial tools that “tell a story” about a person’s financial life but are not a reflection of their personal character.

Instructions

Activity 1: Warm-Up

5 minutes

1. Display the **Title slide (Slide 1)** and distribute the handout packets to students, if you have not already.
2. Display the **Warm-up slide (Slide 2)** and point students to the copy of the prompt on the slide (*Imagine you are a credit union that lends money to lots of people. How would you decide who to lend money to?*) that is provided on the first page of their handouts.
3. Invite students to take a moment to write down their responses to the prompt in the space provided in their handouts. Tell them there are no right or wrong answers—they should simply write whatever comes to mind.
4. Have students turn to a partner and compare their answers.
5. Invite a handful of volunteers to share their answers with the whole class and write down what they share on the writing surface.
6. Remind students about the types of credit they learned about in **Lesson 7, What is Credit?** Banks and credit unions want to be sure they will be repaid when they lend money to people. They rely on credit reports and scores to decide if someone is a good credit risk. This lesson explains how credit reports and scores work and how borrowing decisions impact them.
7. Display the **Learning targets slide (Slide 3)** and point students to the copy of the learning targets provided on the first page of their handouts. Review the learning targets with them.
8. Point students to the copy of the lesson glossary provided on the first page of their handouts and review the terms with them.
9. Point students to the **Note Catcher handout** and invite them to use it to take notes during the lesson.

1. Display the **Presentation slide (Slide 4)**.
2. Display the **What is a credit report? slide (Slide 5)** and review with students the information provided.
3. Ask students the following question, taking and writing down a few responses on the writing surface.
Ask: If you were lending someone money, what information would you want to know about them first?
4. Explain that a credit report is one tool lenders use to learn about a person's borrowing and repayment history.
5. Display the **Where do credit reports come from? slide (Slide 6)** and review with students the information provided.
6. Display the **What is a credit score? slide (Slide 7)** and review with students the information provided.
7. Display the **What is a "good" credit score? slide (Slide 8)** and review with students the information provided.
8. Display the **What affects your credit score? slide (Slide 9)** and review with students the information provided.
9. Ask students to turn to a partner and discuss why paying bills on time and keeping balances low might be important to lenders. After 30-60 seconds, invite a few students to share their ideas. Emphasize that these factors help lenders evaluate responsibility and risk.
10. Display the **How are credit reports and scores used? slide (Slide 10)** and review with students the information provided.
11. Display the **Keep in mind slide (Slide 11)** and review with students the information provided.
12. Display the **Ways to build and keep good credit slides (Slides 12-13)** and review with students the information provided.
13. Ask students the following question, taking and writing down a few responses on the writing surface.
Ask: What do you think someone should be able to do before getting a credit card?

14. Display the **When should I get a credit card? slide (Slide 14)** and review with students the information provided.
 - Note that obtaining a secured credit card or being added as an authorized user on someone else's credit card can be good ways for students to begin building a credit history once they turn 18.
 - Students can use the card for small, planned expenses such as a streaming subscription, gas, a transit pass, a cell phone bill, school supplies, or occasional grocery purchases.
 - Emphasize that they should only charge amounts they can afford to repay, keep balances low, and pay the full balance on time each month.
 - Consistent responsible use can help students establish a positive credit history and build a strong credit score over time.
15. Take any questions from students before proceeding.
16. (Optional) Provide students with a short break. The **Break slide (Slide 15)** is provided if you choose to give students a break at this point or later in the lesson.

Activity 3: Application Activity

20 minutes

1. Display the **Application Activity slide (Slide 16)**.
2. Divide the class into small groups.
3. Display the **Activity instructions slide (Slide 17)** and point students to the **Sample Credit Report handout**. Review the activity instructions as a class.
 - Working in groups, students will review a sample credit report and accompanying notes, then work together to answer questions that help them identify and interpret key information from the report.
 - Note for students that the report uses fake information and may look slightly different from real reports, but it shows the typical details found in an actual credit report.
4. Invite groups to begin working on the activity.
5. Circulate among the groups as they work to answer questions and make sure they are staying on task.
6. When it looks like all groups have completed their review of the mock credit report, and if time permits, have them move on to work on the scenarios activity in the **Credit Score Scenarios handout**. You can have each group work on all five of the scenarios or assign each group one scenario to work on. You may choose to re-display the **What affects your credit score? slide (Slide 9)** to help students complete the activity.
7. After an additional 5 minutes have passed, or when it looks like groups have completed their work on the credit score scenarios, get their attention and move on to the activity debrief.

Activity 4: Activity Debrief

10 minutes

1. Display the **Debrief slide (Slide 18)**.
2. Using the **Sample credit report answer key slides (Slides 19-20)**, have students compare their work with answers provided on the slides. If students have questions about or disagree with any of the suggested answers, encourage them to explain their reasoning.
3. If students completed the **Credit Score Scenarios** activity, use the **Credit score scenario answer key slides (Slides 21-25)** to have students compare their answers to the suggested answers on the slide.
 - If groups were assigned different scenarios, invite a spokesperson from each group to briefly summarize their scenario and responses.
 - If all groups completed all scenarios, ask for volunteers to share their answers.
 - Students' answers do not need to match the exact wording on the slides as long as they are conceptually or directionally correct.
 - Encourage students to explain their reasoning if their answers differ substantially from the suggested responses.
4. Emphasize that good credit habits, such as paying on time, keeping balances low, and limiting unnecessary credit applications, can help build and maintain a strong credit score.

Activity 5: Wrap-Up

5 minutes

1. Display the **Wrap-Up slide (Slide 26)**.
2. Display the **Exit ticket slide (Slide 27)** and point students to the copy of the prompts on the slide that is provided on the last page of their handout packets. Invite students to write their responses to the prompt in their handouts in the spaces provided.
3. Display the **Thank you! slide (Slide 28)**.
4. Answer any final questions and thank students for their participation.

Extension

Have students work individually or with a partner to research and compare two or three credit card offers from banks, credit unions, or other financial institutions. Students should identify and record key features such as the APR, annual fee, late payment fee, and any rewards or benefits offered. After comparing the cards, have students discuss or write a brief explanation of which card they think would be the best choice for a young adult who is just beginning to build credit and why.

Glossary

Adverse accounts: Entries on a credit report showing negative information, such as late or missed payments, charge-offs (debt written off by the lender), or accounts sent to collections.

Annual percentage rate (APR): A credit card's cost of borrowing expressed as a percentage, including interest and certain fees. It tells a borrower how much they will pay if they carry a balance on their card.

Authorized user: Someone allowed to use another person's credit card without being responsible for paying the bill.

Bankruptcy: A legal process where a person or business declares that they cannot pay their debts.

Charge-off: When a lender decides a debt is unlikely to be paid back and writes it off as a loss, even though the borrower still owes the money.

Credit limit: The maximum amount of money that a holder of a credit card is allowed to borrow or charge to the card.

Credit report: A record of borrowing and repayment history.

Credit reporting agency: A company that collects and maintains information about a person's borrowing and repayment history. Also called a *credit bureau* and a *consumer reporting agency*.

Credit score: A three-digit number predicting how likely someone is to repay borrowed money on time.

Credit utilization: The percentage of your available revolving credit that you are using.

Hard inquiries: Entries that appear on a credit report when a lender processes a credit application. Hard inquiries can lower credit scores slightly.

Inquiries: Records on a credit report showing when someone accessed the report.

Installment credit: A loan paid back in fixed monthly payments until it is fully repaid. Examples include auto loans and mortgages.

Minimum payment: The smallest amount a holder of a credit card must pay by the monthly due date to keep the account in good standing and avoid late fees. It is usually a small percentage of the balance plus any interest and fees.

Minimum payment trap: A situation where paying the smallest amount due on a credit card keeps the balance high and interest growing, trapping a borrower in debt.

Revolving credit: A credit account, such as a credit card, that lets a person borrow up to a limit, repay, and borrow again.

Satisfactory accounts: Entries on a credit report showing accounts that have been paid on time and are in good standing with lenders.

Secured credit card: A type of credit card that requires a cash deposit as collateral when opening the account. The deposit is typically equal to your credit limit.

Soft inquiries: Entries that appear on a credit report when a borrower or someone they authorize checks a credit report. Soft inquiries do not affect a credit score because they are not attached to a specific application for credit.