

**DESE Model Curriculum: Business Finance** (CIP Code: 52.0803)

GRADE LEVEL/UNIT TITLE: 11-12/Credit

<b>COURSE INTRODUCTION</b>		
<p>This is an introductory course for Banking and Financial Support Services which also operates a student bank as the implementation practicum. This course also introduces the student to personal finance, including opening and maintaining a checking account, and credit card pitfalls and proper use, a very important skill for all young adults. It is designed to familiarize the student with all aspects of a typical bank including savings, loans, operations, and audit functions. It also covers the history of banking, the organizational structure, and the operations and marketing of a student bank.</p> <p>Course rationale: Financial literacy is essential in meeting the financial challenges of the 21st Century. The course provides valuable experience in running an actual bank while learning to analyze personal financial decisions, evaluate the costs and benefits of their decisions, recognize the rights and responsibilities as consumers, and apply the knowledge learned in school to financial situations encountered later in life.</p>		
<b>UNIT DESCRIPTION</b>	<b>SUGGESTED UNIT TIMELINE</b>	
Credit profiles and the use and importance of credit reports; 5 Cs of Credit	3 weeks	
	<b>CLASS PERIOD (min.)</b>	
	50 min.	
<b>ESSENTIAL QUESTIONS</b>		
<ol style="list-style-type: none"> <li>1. What is the cost of damaging your credit through careless borrowing practices?</li> <li>2. How can you build a credit history in order to borrow successfully at lowest interest cost, and how do you rebuild a damaged credit history?</li> <li>3. How do you challenge erroneous entries to a credit report?</li> <li>4. Why is there a relationship between a credit rating and the cost of obtaining credit?</li> </ol>		
<b>ESSENTIAL MEASURABLE LEARNING OBJECTIVES</b>	<b>NBEA STANDARDS</b>	<b>DOK</b>
1. Introduce the importance of credit lending through banking.	PF.VII.1 PF.VII.2 PF.VII.3-4	4
2. Explain the risks and responsibilities associated with using credit.	PF.VII.1 PF.VII.2 PF.VII.3-4	4
3. Identify the opportunity costs of credit decisions.	PF.VII.1 PF.VII.2 PF.VII.3-4	3
4. Identify methods of establishing and maintaining a good credit rating.	PF.VII.1 PF.VII.2 PF.VII.3-4	3

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5. Evaluate the various ways of using credit and the costs of usage.		PF.VII.1 PF.VII.2 PF.VII.3-4	4
<b>ASSESSMENT DESCRIPTIONS</b>			
n/a			
<b>OBJ. #</b>	<b>INSTRUCTIONAL STRATEGIES</b>		
1-3	1. Describe the various aspects of credit cards (i.e. grace period, APR, promotional rates, changing of payment due dates, methods of calculating interest, and fees). Show students the physical properties of a credit card/debit card (raised numbers, the sequencing of numbers for VISA versus MasterCard, the CVC on the back, the best method of signature block entry - suggest simply state "request ID", the magnetic swipe strip)		
25	2. Obtain a real Tri-Report, block out the name and address of the individual to use as an instructional aid. If none is readily available, ask a local bank for a copy of one they use for credit recovery classes. Review every line of entry and the meaning of each notation. (See attached Word file on explanation of a credit report.) Review line by line a Tri-report with individual identity information blanked.		
2-5	3. Using 5 Cs of credit principles, explain the importance of each.		
4,5	4. Use Consumer Credit Counseling Services for a guest speaker and to obtain printed reports. Local banks should have their contact information for nearest office.		
1,4,5	5. Describe the legal and illegal forms of high cost credit (owner financing, title transfer, payday loans, rent-to-own agreements, pawn).		
<b>OBJ. #</b>	<b>INSTRUCTIONAL ACTIVITIES</b>		
1-5	1. Students will research and write a strategy about how to develop a good credit rating. Discussion will include the costs of mistakes in borrowing when young which affect their borrowing ability and higher costs for years.		
4	2. Encourage students to take the credit report home and cover the report in detail with their parents. Assign as homework for credit.		
3-5	3. Instruct students to find the house they would like to buy by the time they are 26, and cost of the auto(s) they anticipate purchasing upon leaving college, and any other big ticket discretionary item. Using bankrate.com as a resource, calculate the monthly cost of house payment, car payment, college loan payment (assume national average debt for 4 years of college repayable over 10 years is \$27,253 as of 2012). Students will add the monthly payments to determine debt load and required earnings to support this debt. Fixed and discretionary debt load should not exceed 45% of gross monthly income. Students will write their findings and problem solve for whether the resources match the consumption.		

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**UNIT RESOURCES**

1. Attached support files: Credit Report Explanation, 12 myths about bankruptcy, Credit Cards from Hell, Average Credit Statistics, Credit Card Applications, Credit Score Breakdown, Homeowners Who Walk-Credit Issue, Improving Your Credit Score, Lifetime Cost of Bad Credit, The 5 Cs of Credit, 10 Things That Can Kill A Home Loan, 5 Mistakes of Home Buying, Banking Opportunity Cost Quiz – key
2. Suggestion: Contact Consumer Credit Counseling Services for a representative to visit about credit advice and stories of credit gone badly
3. Textbook suggestion: Banking & Financial Systems, 2013 by The Goodheart-Willcox Company, Inc.: print 139781605257785
4. Textbook suggestion: Personal Finance, 2012 by Kapoor, Dlabay, Hughes - McGraw-Hill: print 139780073530697
5. Textbook suggestion: Banking Systems, 2<sup>nd</sup> edition 2010, Cengage Learning: eText 139781439028483, print 139780538449281