

HS.PFE.A.2

STANDARD STATEMENT:

Compare and contrast various types of consumer credit, and the costs and benefits of borrowing money.

ESSENTIAL QUESTIONS:

By the end of the unit, students should be able to answer:

- What are the benefits and risks of loans or credit card options available to me?
- Why would I want to open a loan or credit card?

PNWFCU LESSON THAT MEETS THE STANDARD:

- [Exponential Growth](#)
- [Exponential Decay](#)
- [Risk vs. Reward](#)
- [Rule of 72](#)

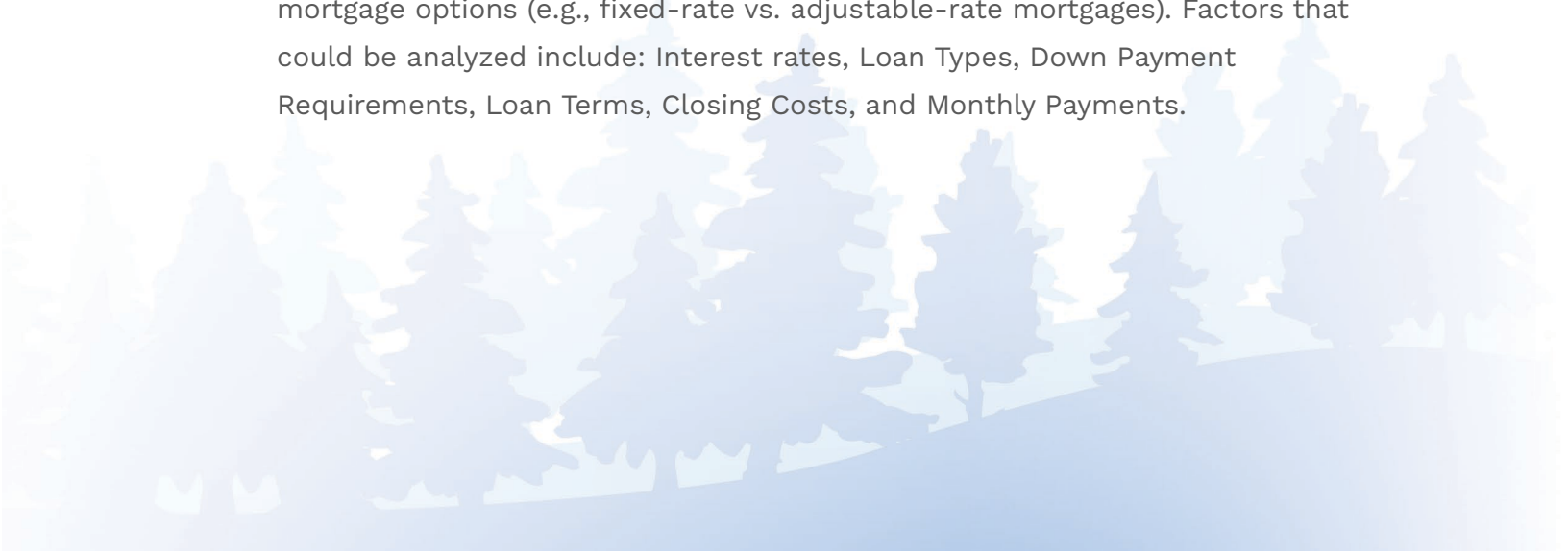
SUPPORTING RESOURCES:

- [Open Education Resources/Oregon Open Learning Group](#)
- [Federal Reserve Education: Evaluating the Benefit and Costs of Credit](#)

POTENTIAL STUDENT ACTIVITIES:

- Credit Card Comparison:
 - Provide students with a variety of example credit cards that differ in features and costs.
 - Assign students to research different credit cards (e.g., rewards cards, secured cards, and student cards).

- Have them compare annual fees, interest rates, rewards programs, and credit limits.
 - Discuss which card would be most suitable for different financial situations.
- Similar activities could be considered for various types of loan options as well, such as comparing auto loans and home mortgage options.
- Auto Loan Comparison: Create a slide deck explaining the five key aspects of a credit score:
 - Provide students with a list of example auto loans from various lenders.
 - Ask them to research and compare the following factors:
 - Interest Rates: Different lenders offer varying interest rates. Students should analyze how these rates impact the overall cost of the loan.
 - Loan Terms: Discuss the pros and cons of shorter vs. longer loan terms. Shorter terms mean higher monthly payments, but lower overall interest paid.
 - Down Payment: Explore how different down payment amounts affect the loan amount and monthly payments.
 - Credit Score Impact: Discuss how timely payments on an auto loan can positively impact credit scores.
 - Total Cost of Ownership: Encourage students to consider not only the loan payments but also other costs like insurance, maintenance, and fuel.
- Have students present their findings and discuss which auto loan would be most suitable for different financial situations (e.g., someone with excellent credit vs. someone with fair credit).
- Home Loan Variation: A similar activity could include analysis of different home mortgage options (e.g., fixed-rate vs. adjustable-rate mortgages). Factors that could be analyzed include: Interest rates, Loan Types, Down Payment Requirements, Loan Terms, Closing Costs, and Monthly Payments.



QUESTIONS:

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