

Program Name: MVCTC EL/Civics Program
 Staff Responsible for Lesson: Mary Ann Oatney

Date(s) Used	October 5, 2009																				
Civics Category	II. Civics Participation																				
Civics Objective	29. Consumer Economics – Banking Identify, evaluate, and compare financial service options in the community, such as banks, credit unions, check-cashing services, and credit cards.																				
Time Frame to Complete Lesson	2 hours																				
EFL(s)	NRS levels 2 - 4																				
Standard(s)/Components of Performance	<ul style="list-style-type: none"> √ Listen Actively √ Speak so That Others Can Understand √ Read With Understanding √ Convey Ideas in Writing 																				
Benchmark(s)	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Listening</th> <th style="text-align: left;">Speaking</th> <th style="text-align: left;">Reading</th> <th style="text-align: left;">Writing</th> </tr> </thead> <tbody> <tr> <td>L2.1 L3.1 L4.1</td> <td>S2.1 S3.1 S4.1</td> <td>R2.2 R3.1 R4.1</td> <td>W2.1 W3.1 W4.1</td> </tr> <tr> <td>L2.4 L3.4 L4.4</td> <td>S2.2 S3.2 S4.2</td> <td>R2.4 R3.2 R4.2</td> <td></td> </tr> <tr> <td></td> <td>S2.3 S3.4 S5.4</td> <td>R2.5 R3.4 R4.4</td> <td></td> </tr> <tr> <td></td> <td></td> <td>R3.6 R4.6.</td> <td></td> </tr> </tbody> </table>	Listening	Speaking	Reading	Writing	L2.1 L3.1 L4.1	S2.1 S3.1 S4.1	R2.2 R3.1 R4.1	W2.1 W3.1 W4.1	L2.4 L3.4 L4.4	S2.2 S3.2 S4.2	R2.4 R3.2 R4.2			S2.3 S3.4 S5.4	R2.5 R3.4 R4.4				R3.6 R4.6.	
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Materials	See handouts attached. Actual credit and debit cards or pictures of them																				
Activities	<p><u>Credit Card vs. Debit Card</u></p> <p>I. Define:</p> <p>Credit card : pay later</p> <ul style="list-style-type: none"> • It is a loan from the bank that you pay back each month. • Interest is charged on unpaid balance after first month. <p>Debit card: pay now</p> <ul style="list-style-type: none"> • Money is automatically withdrawn from your bank account. • Works like using cash or personal check. • Must have sufficient funds in your bank account. <p>Prepaid debit card:</p> <ul style="list-style-type: none"> • Another name for this card is a gift card, i.e. Target and Walmart. • You buy these cards from a store and use them only at that store. <p>2. Review the advantages and disadvantages of each card, using handout: Pros and Cons of Credit and Debit Cards.</p> <p>3. Protecting your debit and credit cards</p> <p>4. Discuss credit/debit cards, using topics on handout: Topics for Discussion</p> <p>5. Evaluations: Students to complete true and false test and write a paragraph</p>																				
Assessment/ Evidence	Student will achieve an 85% on unit test. Student will be able to write a paragraph																				
Reflection	Many of the students were unaware of the consequences of lost and stolen debit/credit cards. Also they were surprised by the interest rates of unpaid balances.																				



Pros and Cons of Credit and Debit Cards

Pros of debit cards

- ✓ PIN protection –No one can use it without PIN number.
- ✓ easier to get than a credit card
- ✓ more accepted
- ✓ don't pay interest charges
- ✓ allows you to purchase if you don't have cash
- ✓ allow you to purchase in the Internet

Cons of debit cards

- ✓ It is part of your bank account. Money from your debit card is taken from your bank account.
- ✓ You need enough money in your bank account to cover each purchase.
- ✓ You have less protection if something goes wrong with the purchase, since bank will not put money back into your account for items that are never delivered.
- ✓ If your debit card is lost or stolen and the person who has your card, knows the PIN number and uses it, the money is taken from your bank account.
- ✓ You may have bank fees for going below your required minimum balance.

Pros of credit cards

- Do not need a PIN to use it
- When you use your credit card, the money comes from a lender (credit card company) not your personal bank account.
- If there is a problem with a purchase, i.e. item is broken, credit card company will cover you until problem is resolved.
- allows you to purchase if you don't have cash
- allows you to purchase in the Internet

Cons of credit cards

- If stolen, anyone can use it.
- Credit card is like taking out a loan from a bank or lending company. Interest fee is charged on unpaid balance.
- There is a greater chance of large credit card debt.
- Credit company sets total amount you can charge based on your credit history

Protecting Your Debit and Credit Cards



Points to remember:

Need to protect your debit and credit cards against loss or misuse.

If stolen you need to contact your bank immediately.

Memorize your PIN but do not keep it with you debit card.

If you think someone is using your debit or credit card without your permission, call your bank immediately.

Follow your phone call with a letter stating misuse of your card.

If someone uses your name and card number for phone or Internet orders, you are responsible for the transactions.

Always keep credit card receipts and check them against your bank or credit card company monthly statements.

Federal laws limit liability to \$50 if credit card is stolen and cardholder notifies bank within 2 days of discovering missing card.

What to do if your debit or credit is lost or stolen:

Call your bank or credit union and report the theft as soon as you know it's missing; otherwise you could be liable for all the costs.

Prepaid debit card:

Another name for this card is a gift card, i.e. Target and Walmart. You buy these cards from a store and use them only at that store.



Vocabulary

credit card

debit card

PIN

protection

unlimited

bank account

stolen

protection

interest

purchase

bank account

cash

loan

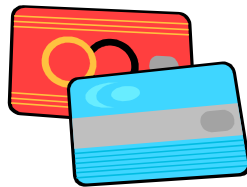
charge

transactions

liability

Name _____

Date _____



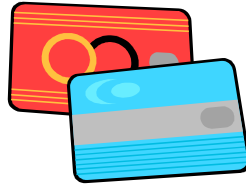
Circle T for true or F for false for the statements below:

1. Credit cards are safer to use then debit cards T / F
2. Debit cards have PIN protection. T / F
3. Credit and debit cards let you spend an unlimited amount of money. T / F
4. Debit cards Are part of your bank account. T / F
5. Debit cards are more accepted at stores than credit cards. T / F
6. When you use a credit card, money comes from your bank account. T / F
7. If a credit card is stolen, anyone can use it. T / F
8. There is a greater chance of having debt using a debit card. T / F
9. You don't need a PIN to use a credit card. T / F
10. Interest is charged on an unpaid balance when you use a credit card. T / F

answer key

Name _____

Date _____



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Name:

Write a short paragraph and include your reasons for your choice.

"If I had a choice between a debit card and a credit card, I would choose...



Topics for Discussion

Students' experience with credit cards and/or debit cards

Do students have credit card debt? Interest rates?

Anyone had their card lost or stolen. What happened?