

EL/Civics Lesson Plan Template

Program Name Canton City Schools

Staff Responsible for Lesson Patricia Dolezal

Date(s) Used	February 23, 2011
Civics Category	Using your Money
Civics Objective	II.29.12 List and discuss credit card issues including ways to build good credit.
Time Frame to Complete Lesson	1 hour plus time at home
EFL(s)	Level 6
Standard(s)/Components of Performance	Read with Understanding
Benchmark(s)	R6.1 Read authentic materials to gain knowledge, R6.2 Use strategies to understand text, R6.3 Use strategies to monitor comprehension of information on unfamiliar topics, R6.5 Draw conclusions, R6.6 Complete a task
Materials	<p>“Reading the Small Print” Worksheets 7 & 8 Reproducible worksheets from <i>Clue-in: Budgeting Basics Curriculum kit</i> by The School Co. (www.schoolco.com)</p> <p>Authentic CITI credit card disclosure sheet</p> <p>Credit Card Activity worksheet</p>
Activities	<ol style="list-style-type: none"> 1. Have Ss look at worksheet 7 and make some observations (large print to small print, asterisks give additional information, etc.) 2. Next, go line by line and ask Ss what they think some of the vocabulary means: <i>grace period no annual fee, low initial rate, variable rate default</i> Explain how interest rates are established using the prime rate, how interest is accrued differently on purchases and cash advances and the various fees. 3. Once you feel Ss understand the text fairly well, handout worksheet 8. Let them work with a partner to complete it. Assist as needed. 4. When everyone is finished, go over the responses together and have Ss identify where they found the answers in the credit card offer. 5. For homework pass out the disclosure sheet and set of questions to see how well Ss can use the

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	vocabulary they learned.
Assessment/ Evidence	Ss will be able to complete the homework and get 80% of the questions correct.
Reflection	Ss struggled with the vocabulary in this activity and the homework despite going over it ahead of time.

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Reading The Small Print

POSTAGE PAID PERMIT NUMBER

FREE... IF YOU APPLY TODAY!
 An all expense paid
 Student Credit Card Offer:

YOUR GOOD CREDIT FUTURE BEGINS TODAY!

"INITIAL CREDIT LINE OF \$500 TO \$2,500* WITH NO ANNUAL FEE. 25 DAY GRACE PERIOD WITH NO INTEREST CHARGED**. GET CASH QUICK FROM 480,000 ATMS WORLDWIDE***. LOW INITIAL RATE**** OF JUST 6.5% SO YOU CAN TRANSFER HIGHER INTEREST CREDIT CARD BILLS."

* AMOUNT OF CREDIT DEPENDS ON YOUR CREDIT HISTORY
 ** GRACE PERIOD IS DEPENDENT ON PAYMENT OF PREVIOUS BALANCE IN FULL ON OR BEFORE THE DUE DATE. *** THE RATE FOR CASH TRANSACTIONS WILL BE A VARIABLE RATE EQUAL TO THE PRIME RATE PLUS A MARGIN ON 13.9% (TODAY THAT RATE IS 31.7%). THERE IS NO GRACE PERIOD FOR CASH TRANSACTIONS. IF YOUR ACCOUNT BECOMES 30 DAYS PAST DUE, THE MARGIN WILL BE 17.48%. THE TRANSACTION FEE FOR CASH ADVANCES, THE MARGIN WILL BE 33.08 OR 3% OF THE AMOUNT OF THE CASH ADVANCE. **** INITIAL RATE IS GOOD FOR 90 DAYS FROM DATE OF THE ACCOUNT IS OPENED. AFTER 90 DAYS, THE INTEREST RATE IS A VARIABLE RATE AS FOLLOWS: RATE WILL BE BASED ON AN INDEX PLUS A MARGIN. IF CALCULATED TODAY THE RATE WOULD BE 17.40% APR. (THE RATE WILL BE ADJUSTED MONTHLY. THE INDEX WILL BE THE PRIME RATE AS PUBLISHED IN THE WALL STREET JOURNAL ON THE FIRST BUSINESS DATE OF THE MONTH IN WHICH THE BILLING CYCLE BEGINS. THE MARGIN WILL BE 9.49%. IF YOUR ACCOUNT BECOMES 30 DAYS PAST DUE, OR CLOSED BECAUSE OF DEFAULT, THE MARGIN ON THE ENTIRE UNPAID BALANCE WILL BE 13.49%. LATE PAYMENT FEE \$29.00 EACH TIME A PAYMENT IS LATE. OVER THE CREDIT LIMIT FEE \$29.00 EACH MONTH THE BALANCE EXCEEDS CREDIT LIMIT. METHOD OF COMPUTING THE BALANCE: AVERAGE DAILY BALANCE (INCLUDING NEW PURCHASES)

CLUE IN: Credit Card Basics



- Did you find this hard to read?
- Did you stop part way through?
- Did your eyes skip lines?
- Were you surprised at the additional costs?
- Why would creditors use small print like this?

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Reading The Small Print

Name: _____

Period: _____ Date: _____

Read the small print on the attached sample credit card application and answer the following questions.

1. For cash transactions the interest rate will be approximately _____.
2. The grace period for cash advances is _____.
3. If your account is past due the margin will be _____ %.
4. The transaction fee for cash advance of \$1000.00 would be _____.
5. Late payment fee is _____.
6. If you are late to pay for two months in a row the first month's late charge will cover the next month's late payment. true false
7. If you have a credit limit of \$2000.00 and your most recent charge took the balance over that limit. The credit card company may...
 - a. Charge \$29.00 over the limit fee
 - b. May request full payoff in 24 hours.
 - c. May charge an additional dollar for every day your are over
 - c. A and C
8. Let's say that you are going to take advantage of a *Student Credit Card* offer, and transfer a \$2,000 credit card balance from one card to this new card. Your interest rate will be 6.5%, and that should save you money. Is this a good idea? Are there any hidden costs or interest rate increases in the future?

CLUE IN: Credit Card Basics

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CITI DISCLOSURES

Annual Percentage Rate (APR) for purchases	0% until 10/01/09. After that 8.99% variable.
Other APRs	Balance transfer APR: 0% until 10/01/09 for balance transfers that post to your account by 02/01/09. After that same as for purchases. Cash advance APR: 19.99% variable. Default APR: 28.99% variable. See explanation below.*
Variable rate information	Your APRs may vary each billing period.** The purchase and balance transfer APR equals the Prime Rate plus 3.99%. The cash advance APR equals the Prime Rate plus 14.99% (never lower than 19.99%). The default APR equals the greater of (1) the Prime Rate plus up to 23.99% or (2) up to 28.99%.
Grace period for repayment of the balance for purchases	At least 20 days if you pay the total balance in full by the due date every billing period. If you do not, you will not get a grace period.
Method of computing the balance for purchases	Average daily balance. This includes new purchases.
Minimum finance charge	50 cents.
Annual fees	None.
Fee for purchases made in a foreign currency	3% of each purchase after it is converted into U.S. dollars.
Other fees	Balance transfer fee: 3% of each balance transfer; \$5 minimum. Cash advance fee: 3% of each cash advance; \$5 minimum. Late fee: <ul style="list-style-type: none"> • \$15 on balances up to \$100 • \$29 on balances of \$100 up to \$250 • \$39 on balances of \$250 and over Over-the-credit-line fee: \$39
<p>* How can your actions trigger the default APR? If you default under any card agreement you have with us because you</p> <ul style="list-style-type: none"> • do not make the minimum payment when due, • go over the credit line, or • make a payment to us that is not honored, <p>all your APRs may automatically increase to the default APR. We set your default APR by reviewing (1) the seriousness of your default with us and (2) your credit history.</p> <p>** How do we calculate variable rates? For each billing period we use the Prime Rate published in <i>The Wall Street Journal</i> two business days before the Statement/Closing Date.</p> <p>How do we apply your payments? We apply your payments to low APR balances first. You cannot pay off higher APR balances until you pay off lower APR balances. That means your savings from this promotional APR offer will be reduced if you make purchases or cash advances that have higher APRs.</p> <p>When can we change the rates, fees, and terms of your card agreement? We will not voluntarily increase your rates and fees or change other terms of your card agreement until your card expires, typically in two years. At that time, we will review your credit history and general market conditions. If we decide to make changes after our review, you will receive advance notice and a right to opt out. If you opt out, we will close your account. You can then pay the remaining balance under the old rates, fees, and terms. Of course this paragraph does not apply to the automatic default APR and Prime Rate changes. It also does not apply to changes required by law, our regulators, or our network providers.</p>	

TERMS AND CONDITIONS OF OFFER

- This offer is only valid for new accounts. You must be at least 18 years of age. Citibank (South Dakota), N.A. ("we" or "us") is the issuer of your account.
- Federal law requires us to obtain, verify, and record information that identifies each person who opens an account, in order to help the government fight the funding of terrorism and money laundering activities. To process the Application Form, we must have your name, street address, date of birth, and other identifying information, and we may ask for identifying documents from you as well.
- To process the Application Form for a new account, it must be:
 1. Accurately completed.
 2. Signed and verifiably correct, and
 3. Returned by the expiration date.
- Please send the nontransferable Application Form in the enclosed postage paid envelope to:

Citibank New Cardmember Services
P.O. Box 6168, Sioux Falls, South Dakota 57117-9120
- Please allow four weeks from date of mailing to process a completed Application Form.
- We may gather information about you, including from your employer, your bank, credit bureaus, and others, to verify your identity and determine your eligibility for credit, review of credit, and future extensions of credit. If you ask us, we will tell you whether or not we requested a credit bureau report and the names and addresses of any credit bureaus that provided us with such reports.
- To receive a Citi Diamond Preferred Card, you must meet our applicable criteria bearing on creditworthiness. Your credit limit will be determined by your yearly income and a review of your credit report. You will be informed of the amount of your credit line when you receive your card. Some credit lines may be as low as \$500. Please note that cash advances may be limited to a portion of your credit line.
- Please see the enclosed Initial Disclosure Statement for important additional information.

PRESCREEN & OPT-OUT NOTICE: This "prescreened" offer of credit is based on information in your credit report indicating that you meet certain criteria. This offer is not guaranteed if you do not meet our criteria. If you do not want to receive prescreened offers of credit from this and other companies, call the consumer reporting agencies toll-free at 1-888-5-OPTOUT (1-888-567-6886) or write to any of the following:

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Credit Card Activity

1. How long does the 0% interest rate last? What will it be after that?
2. How is the variable rate determined?
3. Do you think this variable rate credit card is a good idea? Why or why not?
4. Will you have to pay for this card every year? If so, how much?
5. What's the minimum charge for a cash advance?
6. If you're credit limit is \$2500 and you go over it, how much will the company charge you?
7. How long do the terms of this card last?
8. What do you think "opt out" means? (see last paragraph)