

Congressional Awards: Credit Exploration



Suggestions for creating and achieving Financial Literacy goals:

Topics in Credit:

- ✓ How do people use credit (credit cards, loans) to meet their financial needs?
- ✓ What are the advantages and disadvantages of using credit?
- ✓ What are the typical rates of interest associated with credit?
- ✓ How is credit structured in terms of repayment?
- ✓ When managing credit, how are borrowers evaluated?
- ✓ What are some financial principals for managing credit?

Expanding Learning:

- ✓ Interview people you know in various age groups. Ask how they use credit, what they have learned, and what advice they may have.
- ✓ Research national trends and statistics about use of credit.
- ✓ Investigate credit offers to find terms, rates, and features.
- ✓ Analyze the impact of interest (finance charges) on borrowing.
- ✓ Identify personal goals for that require credit.

Intuit Simulations:

If you have not already, complete the 'Analyzing a Credit Report & Score' and 'Evaluating Credit Cards' Mint simulations.

Creating a Plan:

Prepare a personal credit plan through any of the following steps. Or, add additional components to your plan.

1. Identify the different forms of credit you may need in the next 5 to 10 years.
2. Find the current interest rates associated with each of the above.
3. Analyze the ways you will personally benefit from credit usage.
4. List the ways you will take action to maintain 'good credit'.
5. Reflect on the costs of finance charges associated with your use of credit.

Reflection

After creating a plan, find one or two trusted adults to evaluate your plan. Gather any feedback to revise your plan. Reflect on what you learned about credit.