

Financial Contracts

Summary

Students will understand the importance of financial contracts (e.g., disclosure information, grace period, payment penalties, methods of interest calculation).

Main Core Tie

Adult Roles and Financial Literacy

[Strand 3 Standard 2](#)

Materials

- [Vocabulary worksheet and key](#)
- [Cost of Credit teacher information](#)

Instructional Procedures

Vocabulary

Use the [vocabulary worksheet and key](#) (pdf).

Primary Vocabulary

Contract
Disclosure
Grace Period
Interest Calculation

Supplementary Vocabulary

Late Fees
Finance Charges
Increased Interest Rate
Average Daily Balance Excluding New Purchases
Average Daily Balance Including New Purchases With A Grace Period
Average Daily Balance Including New Purchases With No Grace Period
Two-cycle Average Daily Balance Including New Purchases

FCCLA Activity Option

Consult the [FCCLA website](#) for their information on financial fitness.

Banking Basics - Conquer bank accounts, credit, and investments
Cash Control - Track and plan personal spending
Making Money - Sharpen on-the-job financial fitness
Consumer Clout - Become a savvy spender
Financing Your Future - Apply financial skills to real life.

Introduction/Pre-Assessment

Key to understanding credit is learning about the various costs of using it; interest rates, fees, penalties, and even opportunity costs. These costs are critical factors in making good decisions about whether using credit is an appropriate option or not.

Content Outline, Activities and Teaching Strategies

(All options do not necessarily need to be taught. Select ones to cover standards and objectives and according to your district policies.)

Option 1: Discussion - Cost of Credit

Have a lecture/discussion using the [Cost of Credit Teacher Information](#) (pdf).

Option 2: Vocabulary

Using the Financial Contract [Vocabulary Worksheet and Teacher Key](#) (pdf) conduct a

lecture/discussion.

Option 3: Guest Speaker

The Utah Bankers Association will send a guest speaker to your classroom. The Banker will teach on Credit. To schedule a banker click on the [their website](#). Under the teacher heading you will see "click here for a request form".

Option 4: Good Debt, Bad Debt: Using Credit Wisely

Students will be able to understand loan or credit applications. Student Guide: Unit Four Good Debt, Bad Debt: Using Credit Wisely National Endowment for Financial Education (NEFE) ©2006

Option 5: Selecting a Credit Card

Family Economics and Financial Education (FEFE) -- Lesson Plan-Selecting a Credit Card

Step #1: Go to : <http://www.fefe.arizona.edu/download-lessons> (You will need to register and log in to this website prior to use)

Step #2: Click on: Educational Resources then click on Curriculum then click on 4.0 Credit Cards.

Step #3: Click on 1.4.1 Selecting a Credit Card and download/print the lesson plan and resources.

The PowerPoint presentation explains how the Federal Truth in Lending Act requires card issuers to display the costs of credit cards in an easy to read box format-Schumer Box.

Option 6: Textbook

Students will be able to understand loan applications, terms and phrases. Text - *Skills for Consumer Success* Thomson South-Western ©2005

Summmary/Evaluation

Once students have decided to use credit, they need to make sure they are getting the best deal by understanding the financial contract and its terminology.

Authors

[CTE LESSON PLANS](#)