

LESSON PLAN

Boost Your Credit Score

- IT'S A -
**MONEY
THING®**

INCLUDED IN THIS PACKAGE

- **LESSON PLAN** (2 pages)
- **ACTIVITY** (4 pages)
- **QUIZ** (1 page)
- **ACTIVITY ANSWER KEY** (3 pages)
- **QUIZ ANSWER KEY** (1 page)

COLLECT FROM YOUR LIBRARY

- **VIDEO 04** (*Boost Your Credit Score*)
- **PRESENTATION 04** (*Boost Your Credit Score*)
- **HANDOUT 04** (*Boost Your Credit Score*)

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LESSON PLAN

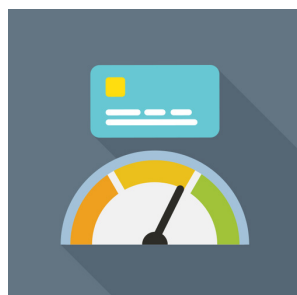
Boost Your Credit Score

GRADES

10 to 12

TIME

45 minutes



OVERVIEW

In this lesson, students will delve into the various factors that can either boost or lower credit scores, expanding on their knowledge of credit score basics. They will practice categorizing different financial behaviors as positive or negative, and learn to read and interpret credit reports.

GOALS

- Help students understand the impact of different financial behaviors on credit scores
- Enable students to gain confidence in managing personal credit scores
- Familiarize students with the types of information found on credit reports

OBJECTIVES

- Identify and sort financial behaviors that can help or hurt credit scores
- Develop strategies to improve creditworthiness
- Identify credit reports as a tool for monitoring financial history

ASSESSMENT

Use the activity in this lesson plan to assess students' grasp of the topic. An optional quiz is also provided (the quiz is not factored into the lesson's 45-minute runtime).

***Did you know?** This lesson plan explores concepts from Standard 5 (Managing Credit) from the Council for Economic Education's National Standards for Personal Financial Education.*

MATERIALS

- ☐ **VIDEO 04**—Boost Your Credit Score
- ☐ **PRESENTATION 04**—Boost Your Credit Score
- ☐ **HANDOUT 04**—Boost Your Credit Score
- ☐ **ACTIVITY**—Credit Score Match and Answer Key
- ☐ **QUIZ**—Boost Your Credit Score and Answer Key

PREPARATION

- Gather digital materials (video and presentation)
- Print **HANDOUT 04** for each student
- Print and cut out **ACTIVITY** cards
- (Optional) Print **QUIZ** (Boost Your Credit Score) for each student

Boost Your Credit Score

5 minutes	Introduce topic and show VIDEO 04 (<i>Boost Your Credit Score</i>)
10 minutes	Go over PRESENTATION 04
15 minutes	Facilitate ACTIVITY ; go over correct answers together as a class
5 minutes	Post-activity discussion
10 minutes	Distribute and review HANDOUT 04
(Optional)	Assessment: QUIZ (<i>Boost Your Credit Score</i>)

1. Introduce the topic by reviewing the following points:
 - A credit score is a number used by financial institutions and credit card companies to determine risk level when issuing you a loan or a credit card
 - Your credit score is based on information found in your credit report and is influenced by your financial habits
 - In order to boost your credit score, you must understand the impact of your financial decisions
2. Show **VIDEO 04**
3. Go over **PRESENTATION 04**
4. Distribute the **ACTIVITY**
 - Distribute behavior cards to students
 - Create 'Positive Impact' and 'Negative Impact' piles
 - Have students place their card in the appropriate pile
 - Review each card, confirm its placement and discuss any misplaced cards before moving them to the correct pile

5. Use the questions below to help students apply what they've learned:
 - What advice would you give to a friend or family member who is struggling to improve their credit score?
 - How might the behaviors that improve credit scores also benefit other areas of their life?
6. Distribute **HANDOUT 04** and review it together as a class
7. Wrap up by sharing the following:
 - It's important to monitor your credit score—you can get a free credit report once a year from each major credit bureau
 - If you notice any inaccuracies or suspicious activity on your credit report, contact the credit bureau immediately
8. (Optional) Distribute **QUIZ** for individual assessment, or answer the questions together as a class; decide whether or not students can reference their notes/handouts during the quiz

NOTES

[illegible]




ACTIVITY

Boost Your Credit Score


CREDIT SCORE MATCH

Directions: Place each card in the 'Positive Impact' or 'Negative Impact' pile.




01

**PAID BILLS ON TIME,
EVERY TIME**





02

**OPENED A FEW
CREDIT ACCOUNTS
AND NEVER
USED THEM**




03

**HAVE A CREDIT
CARD WITH HIGH
LIMIT AND LOW
BALANCE**



04

**HAVE A
LONG CREDIT
HISTORY**



05

**USING 10%
OF AVAILABLE
CREDIT**




06

**HAVE A BROAD
MIX OF DIFFERENT
CREDIT TYPES**




07

**USE A CREDIT CARD
FOR REGULAR
EXPENSES, PAYING
IT OFF IMMEDIATELY
EACH TIME**



08

**CHECKED CREDIT
REPORT AND HAD
INCORRECT INFO
REMOVED**



09

**SKIPPED A PAYMENT,
THEN MADE IT UP
THE NEXT MONTH**



CREDIT SCORE MATCH

Directions: Place each card in the 'Positive Impact' or 'Negative Impact' pile.





10

**PAID BILLS ON TIME,
ONCE**



11

**OPENED A FEW
CREDIT ACCOUNTS
AND USED THEM ALL
TO THE MAX**



12

**HAVE A CREDIT
CARD WITH HIGH
LIMIT AND HIGH
BALANCE**



13

**HAVE NO CREDIT
HISTORY**



14

**USING 60%
OF AVAILABLE
CREDIT**



15

**USE A SINGLE LINE
OF CREDIT FOR
ALL YOUR NEEDS**



16

**USE A CREDIT CARD
FOR A BIG IMPULSE
PURCHASE**



17

**HAD MANY
CREDIT CHECKS
PERFORMED BY
LENDERS**



18

**FINALLY PAID OFF A
BIG OUTSTANDING
BALANCE**



19

**HAVE A CREDIT
CARD WITH LOW
LIMIT AND LOW
BALANCE**



20

**USING 30%
OF AVAILABLE
CREDIT**



21

**OPENED A FEW
CREDIT ACCOUNTS
AND USED THEM
SPARINGLY**

CREDIT SCORE MATCH

Directions: Place each card in the 'Positive Impact' or 'Negative Impact' pile.



22

**PAID BILLS LATE,
ONCE**




23

**CLOSED A CREDIT
CARD ACCOUNT
TO BEGIN PAYING
IT OFF**




24

**HAVE A CREDIT
CARD WITH A HIGH
INTEREST RATE
AND UNUSED
REWARDS**




25

**DECLARED
BANKRUPTCY
FIVE YEARS AGO**




26

**USING 90%
OF AVAILABLE
CREDIT**




27

**OPENED MANY
CREDIT ACCOUNTS
IN A SHORT TIME**





28

**USED A CREDIT
CARD TO PAY OFF
ANOTHER
CREDIT CARD**





29

**USING 70%
OF AVAILABLE
CREDIT**


30

**MADE A BUDGET
THAT TREATS YOUR
AVAILABLE CREDIT
AS INCOME**


31

**HAVE A CREDIT
CARD WITH LOW
LIMIT AND HIGH
BALANCE**





32

**USING 50%
OF AVAILABLE
CREDIT**


33

**OPENED A FEW
CREDIT ACCOUNTS
AND BUILT UP A
HIGH BALANCE
ON EACH**




CREDIT SCORE MATCH

Directions: Place each card in the 'Positive Impact' or 'Negative Impact' pile.



34

**ONLY MAKING
THE MINIMUM
PAYMENT ON A
CREDIT CARD**




35

**TRYING TO USE
AS MUCH OF YOUR
CREDIT LIMIT
WITHOUT
GOING OVER**



36

**MISSED
A PAYMENT
DUE DATE
BY A FEW DAYS**




37

**APPLYING FOR
A NEW CREDIT CARD
JUST FOR THE
SIGN-UP BONUS**





38

**CLOSED
YOUR OLDEST
CREDIT CARD
ACCOUNT**




39

**PAID OFF
A LOAN EARLY**




40

**CHECKING YOUR
CREDIT REPORT
REGULARLY**




41

**ONLY APPLYING
FOR CREDIT
WHEN NECESSARY**





42

**SETTING UP
AUTOMATIC
PAYMENTS
FOR YOUR
CREDIT CARDS**




43

**USED
A CREDIT CARD
IN AN EMERGENCY
AND PAID IT OFF
RIGHT AWAY**




44

**PAYING BILLS
EARLY**



45

**KEEPING
YOUR OLDEST
CREDIT CARD
ACCOUNT OPEN**





QUIZ

Boost Your Credit Score

NAME: _____

TOTAL
/ 5 pts

MULTIPLE CHOICE

Directions: CIRCLE the best possible answer to each question.

1. Which of the following actions will boost your credit score?
 - a. Paying your bills on time
 - b. Keeping your credit utilization low
 - c. Maintaining a mix of credit types
 - d. All of the above
2. Which example demonstrates the lowest credit utilization ratio?
 - a. A credit card with a \$3,000 limit and a \$2,000 balance
 - b. A credit card with a \$1,000 limit and a \$500 balance
 - c. A credit card with a \$1,000 limit and a \$300 balance
 - d. A credit card with a \$500 limit and a \$500 balance
3. Which of the following is **not** part of a credit report?
 - a. Account history
 - b. Personal information
 - c. Current salary
 - d. Inquiries
4. To ensure that your credit report is accurate, you should:
 - a. Request your free credit report from each of the main credit bureaus
 - b. Review your personal information and make sure that it's up to date
 - c. Report any unauthorized activity to the issuing credit bureau
 - d. All of the above

/4 pts

TRUE OR FALSE

Directions: CIRCLE either true or false.

5. TRUE or FALSE Checking your credit report will negatively affect your credit score.

/1 pt

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Hapo
COMMUNITY CREDIT UNION



ACTIVITY ANSWER KEY

Boost Your Credit Score

CREDIT SCORE MATCH

Directions: Review the 'Positive Impact' and 'Negative Impact' card piles. Confirm the cards in the correct pile and correct any cards placed in the wrong pile.

CARD	POSITIVE OR NEGATIVE	REASON
01	POSITIVE	Regular on-time bill payment will raise your credit score more than any other action
02	NEGATIVE	While having a good amount of available credit helps with your utilization ratio, zero use is seen to indicate higher future risk
03	POSITIVE	Having a low utilization ratio is a plus, especially when it is maintained with constant use
04	POSITIVE	A long credit history is a plus, assuming it isn't a history of late or missed payments
05	POSITIVE	Using less than 30% of total available credit helps your score
06	POSITIVE	A mix of credit types helps your score—just don't lose track
07	POSITIVE	Constant use of a card, while paying the balance in full and on time, will build up good credit
08	POSITIVE	Incorrect info can hurt your credit score, so get rid of it
09	NEGATIVE	Even when paid eventually, skipped and late payments hurt your credit score
10	POSITIVE	However, paying bills on time only helps your credit score if you do it consistently
11	NEGATIVE	Many accounts with high utilization will hurt your credit score and can create compounding trouble with repayment
12	NEGATIVE	Too much credit utilization will hurt your credit score
13	NEGATIVE	Having no credit history means you have zero average credit length and haven't built up good credit through good behavior
14	NEGATIVE	Using more than 30% of total available credit hurts your score
15	NEGATIVE	A variety of credit helps your score more than using a single source
16	NEGATIVE	Using credit for items you can't normally afford can hurt your score through high utilization and late or missed payments
17	NEGATIVE	Too many 'hard inquiry' credit checks will negatively impact your credit score



ACTIVITY ANSWER KEY

Boost Your Credit Score

CREDIT SCORE MATCH

Directions: Review the 'Positive Impact' and 'Negative Impact' card piles. Confirm the cards in the correct pile and correct any cards placed in the wrong pile.

CARD	POSITIVE OR NEGATIVE	REASON
18	POSITIVE	<i>A lower utilization rate and keeping more money free for future expenses will help your credit score</i>
19	NEGATIVE	<i>A low balance with a low limit can still create a high utilization ratio</i>
20	POSITIVE	<i>30% or less is a good ratio, but any more and you may hurt your credit score</i>
21	POSITIVE	<i>Low credit use and developing credit history will help your credit score</i>
22	NEGATIVE	<i>Late payments are never good, but the overall trend is much more important</i>
23	NEGATIVE	<i>Reduces overall available credit, which influences utilization ratio; however, it can help you get back in control of credit use</i>
24	NEGATIVE	<i>Higher interest rates are only worth it if you don't carry a balance, and if you use the card rewards</i>
25	NEGATIVE	<i>Bankruptcy hurts your credit score for 7 to 10 years</i>
26	NEGATIVE	<i>Using more than 30% of total available credit hurts your score</i>
27	NEGATIVE	<i>Shortens average credit length and adds hard inquiries</i>
28	POSITIVE	<i>Paying a balance in full is good for your score, especially if the new credit card has a lower interest rate</i>
29	NEGATIVE	<i>Using more than 30% of total available credit hurts your score</i>
30	NEGATIVE	<i>This is a recipe for late or missed payments—only use credit when you have the funds to pay it back promptly</i>
31	NEGATIVE	<i>Too much credit utilization will hurt your credit score</i>
32	NEGATIVE	<i>Using more than 30% of total available credit hurts your score</i>
33	NEGATIVE	<i>Too much credit utilization will hurt your credit score—many accounts will be even harder to keep under control</i>
34	NEGATIVE	<i>Making only the minimum payment keeps your credit card balance high—high balances mean high utilization, which can lower your credit score</i>



ACTIVITY ANSWER KEY

Boost Your Credit Score

CREDIT SCORE MATCH

Directions: Review the 'Positive Impact' and 'Negative Impact' card piles. Confirm the cards in the correct pile and correct any cards placed in the wrong pile.

CARD	POSITIVE OR NEGATIVE	REASON
35	NEGATIVE	<i>Using a large portion of your limit indicates high credit utilization, which will hurt your credit score</i>
36	NEGATIVE	<i>Even small delays can impact your credit score negatively</i>
37	NEGATIVE	<i>Frequent applications can lead to multiple hard inquiries and lower your score</i>
38	NEGATIVE	<i>Reduces the average age of your credit accounts, which can lower your score</i>
39	POSITIVE	<i>Demonstrates to lenders that you can repay your debts responsibly, which is favorable for your credit history</i>
40	POSITIVE	<i>Regular checks make it easier to spot and correct errors before they negatively impact your credit score</i>
41	POSITIVE	<i>Strategic and responsible credit use over time helps establish a positive credit history, which is a key factor in your credit score</i>
42	POSITIVE	<i>Reduces the likelihood of late or missed payments that can hurt your score</i>
43	POSITIVE	<i>Quickly paying off the balance helps keep your credit utilization ratio low, which is beneficial for your credit score</i>
44	POSITIVE	<i>Ensures that your payments are recorded as on-time—timely payments are a major factor in maintaining a good credit score</i>
45	POSITIVE	<i>Contributes to a longer credit history, which can boost your credit score</i>



QUIZ ANSWER KEY

Boost Your Credit Score

MULTIPLE CHOICE

Directions: CIRCLE the best possible answer to each question.

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 - a. Paying your bills on time
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 - c. Maintaining a mix of credit types
 - ☒ d. All of the above
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3. Which of the following is **not** part of a credit report?
 - a. Account history
 - b. Personal information
 - ☒ c. Current salary
 - d. Inquiries
4. To ensure that your credit report is accurate, you should:
 - a. Request your free credit report from each of the main credit bureaus
 - b. Review your personal information and make sure that it's up to date
 - c. Report any unauthorized activity to the issuing credit bureau
 - ☒ d. All of the above

/4 pts

TRUE OR FALSE

Directions: CIRCLE either true or false.

5. TRUE or ☒ FALSE Checking your credit report will negatively affect your credit score.

/1 pt