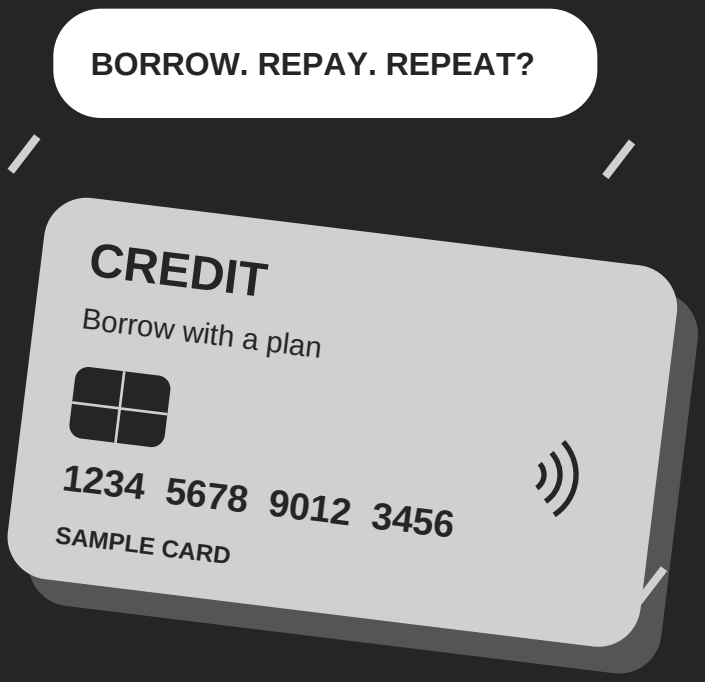
PLANNED TO A. T.
ACHIEVE TRANSFORMATION

Financial Literacy Lesson

Why Credit Is Important

Grades 9-12 | 55 minutes



More choices. Better questions.

Explore how borrowing history can affect future choices.
Compare costs, ask questions, and use credit thoughtfully.

Students will learn to:

Explain credit, reports, and scores.
Compare borrowing costs.
Choose a practical next step.

Teacher Lesson Outline

0-5 | 5 min	Borrow, save, or skip?
5-13 | 8 min	Video + mini-lesson
13-23 | 10 min	Report or score?
23-35 | 12 min	Where credit matters
35-47 | 12 min	Compare borrowing costs
47-51 | 4 min	Partner action share
51-55 | 4 min	Independent exit ticket



ASK FIRST.
PLAN AHEAD.

Queue the PTAT video (3 min). Student pages: 4, 6, 8, and 10. Teacher keys: 5, 7, 9, and 11. Calculators recommended.

Your credit is a tool. Know your choices.

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START: Essential Questions

Q **What is credit?**
Borrowing with an agreement to repay.

Q **Report or score?**
A report records credit history. A score predicts repayment risk using that information.

Q **Where could credit matter?**
Loans, housing, and some service or insurance decisions.

State Standards

Colorado | Grades 9-12 | CAS 2022
FL.HS.5.3(b): Weigh costs and trade-offs when choosing borrowing options.
FL.HS.5.3(c): Explain how credit history affects borrowing power.
FL.HS.5.1(a): Consider alternatives and consequences.
Summarized lesson alignment | CDE

Teacher Prep

PTAT video (3 minutes)
Student packet + calculator
Pairs for scenario discussion
No internet needed for core lesson

Teacher Notes + State Adaptations

Colorado alignment: borrowing trade-offs and credit history. Use fictional information.
Sources: CDE Financial Literacy (2022); CFPB. Adapt local screening examples as needed.



Review history



Remember due dates



Compare total costs

A score measures borrowing risk, not personal worth. Use fictional information.

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Teacher Facilitation

55-minute sequence | Suggested prompts and discussion moves

0-5 | Opening

Read page 4's $17 scenario. One minute to choose, two minutes to list alternatives, two minutes to compare reasons. Ask what a lender would need to know.

5-13 | Video + mini-lesson

Play the existing three-minute PTAT video. Use five minutes to define credit, principal, interest, report, and score. Ask students to explain the terms in their own words.

13-23 | Detectives

Six minutes: complete page 4's classification. Four minutes: page 5 debrief. Correct the idea that income automatically produces a strong credit score.

23-35 | Scenario discussion

Seven minutes: pairs analyze all four cases on page 6. Five minutes: discuss using page 7. Invite groups to explain the new information they would want.

35-47 | Borrowing choices

Eight minutes: page 8 calculations and decision. Four minutes: compare answers using page 9. Stress total repayment and affordability, not only the monthly payment.

47-51 | Action share

Students choose one action on page 10 and explain it to a partner. Ask partners to name the benefit of that action.

51-55 | Exit ticket

Students independently answer the four questions on page 10. Collect; review with the key on page 11.

Check understanding without judging

Ask: What do we know? What are we assuming? What might change the decision? Avoid labeling students or families as good or bad with money.

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Student: Borrowing + Credit Detectives

Opening 0-5 minutes | Detectives 13-23 minutes

Opening: The $17 choice

A game or book costs $17. You have $7. List three possible choices. If you borrow the missing $10, what repayment agreement would you need?

1. _____ 2. _____ 3. _____

Repayment question: _____

Report, Score, or Other?

Write R for information found in a credit report, S for a credit score, or O for another financial fact. These are fictional examples; a score is separate from the report.

___ 1. A list of credit accounts and their payment history.

___ 2. A numerical prediction of repayment risk based on a scoring model.

___ 3. The balance reported on a credit card account.

___ 4. Your hourly wage from your job.

___ 5. A record of a lender's credit inquiry.

___ 6. Your savings account balance.

1. How does a report help explain a score?

_____

2. Could someone have money in savings and still have missed loan payments? Explain.

_____

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Teacher Answers: Credit Detectives

Use after students try | Correct misconceptions early

Opening: Three reasonable options

Save the missing $10 and buy later; choose a lower-cost item or skip it; borrow only if there is a clear, affordable repayment agreement. Other reasonable alternatives are welcome. The item costs $17, so the student needs $10 more.

Classification key

1. **R** - Accounts and repayment history.
2. **S** - A model-based risk prediction.
3. **R** - Reported account balance.
4. **O** - Wages are a separate income fact.
5. **R** - Credit inquiries.
6. **O** - Savings balance is a separate asset fact.

Discussion answers

A score uses information in credit reports; different models or report data can produce different scores. Yes, someone may have savings and a record of missed payments. Wealth and credit history are different concepts.

Teacher wording: A score predicts repayment risk; it does not describe someone's worth or tell the whole story of their finances. Lenders can also consider income, existing obligations, and other information.

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Student: Where Credit Matters

23-35 minutes | Pair discussion

1. Apartment application

Kai applies to rent an apartment. The landlord says the application includes a tenant screening report.

Discuss: How could credit history matter? What else might the landlord consider?

2. First car loan

Maya compares two lenders for the same car. One offers a lower interest rate, but approval depends on reviewing her application.

Discuss: How could credit affect cost? What other information would the lender want?

3. Job application

Alex is told the employer may obtain a consumer report for a background check and is asked for written permission.

Discuss: Is this the same as every employer checking a credit score? What should Alex ask?

4. Phone plan

Riley wants a phone installment plan. The provider may review credit or require a deposit; a prepaid plan is also available.

Discuss: What alternatives could Riley compare before choosing?

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Teacher Answers: Credit Scenarios

Credit use depends on the product, provider, and applicable law

1. Apartment

A landlord may use credit or tenant screening information when deciding approval or deposits. Income, rental history, and local rules can also matter. Ask about screening criteria and how to review or correct information.

2. Car loan

Credit can affect approval and rates, which affect total cost. Income, obligations, loan amount, and other application information also matter. A stronger score does not guarantee approval.

3. Employment

Some employers use credit history in permitted background screening; many do not. Employment screening is not the same as a lender's credit score review. Written permission is required for an employment consumer report. State or local restrictions may apply. Ask what report is requested and how it is used.

4. Phone

Compare the total installment cost, deposit, service price, and prepaid or cash options. Not every provider uses the same screening or reports payments the same way.

Key message: Credit may influence access or cost. It is one part of a decision, not the only factor. Do not present public assistance, every job, or every utility as requiring a credit score.

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Student: Compare Borrowing Choices

35-47 minutes | Calculate, then explain your decision

A laptop costs $600. Sam has $200 saved and can set aside $80 per month. Sam needs it in three months; the school offers a loaner until then. Compare these fictional options. Quoted payments include all borrowing costs; no extra fees or down payment.

A | Save and buy later

Pay $600 cash when savings reach $600. No borrowing cost.

B | Borrow $600

Pay $55 per month for 12 months. Total is the sum of all payments.

C | Borrow $600

Pay $35 per month for 24 months. Total is the sum of all payments.

1. Calculate total repayment for B and C. How much above $600 does each cost?

2. Which loan has the smaller monthly payment? Which has the smaller total cost?

3. How many months will Sam need to save the remaining $400?

4. What would you choose? Use the deadline, loaner option, monthly budget, and total cost in your reason.

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Teacher Answers: Borrowing Choices

Smaller payments can come with a larger total cost

1. Compare total repayment

B: $55 x 12 = **$660**. Borrowing cost: $660 - $600 = **$60**.
C: $35 x 24 = **$840**. Borrowing cost: $840 - $600 = **$240**.

2. Monthly versus total cost

C has the lower monthly payment. B has the lower total repayment and ends sooner. The total-cost difference is $840 - $660 = **$180**. Both payments fit $80, but that alone does not make borrowing the best choice.

3. Saving timeline

$600 - $200 = $400 remaining. $400 / $80 = **5 months**. Saving takes longer than the three-month deadline, but the loaner changes Sam's options.

4. Reasoned choice

A can work if the loaner is available long enough. B could be reasonable if owning the laptop sooner matters and repayment fits Sam's budget. C costs more for the same laptop. Accept a supported choice that considers all four facts.

These quotes illustrate cost comparisons, not real offers or credit-score-to-rate promises. Detailed APR, credit utilization, and score factors can be developed in the next credit lessons.

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Student: Credit Action + Exit Ticket

Partner action: 47-51 minutes | Exit: 51-55 minutes

One action I can explain

Choose one: compare repayment terms; make a payment reminder; check a report for errors when applicable; protect personal information; ask about a screening policy.

My action: _____

Why it helps: _____

Exit Ticket | Work independently

1. Explain one difference between a credit report and a credit score.

_____

2. A $300 loan requires six payments of $55. What is total repayment and borrowing cost?

_____

3. Name one situation where credit history may affect access or cost.

_____

4. Does having a high income guarantee a strong credit score? Explain.

_____

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Teacher: Exit Key + Next Steps

Assess understanding | Optional trusted-source extension

1. A report records credit activity; a score is a model-based prediction using report information.

2. 6 x $55 = **$330** total; $330 - $300 = **$30** borrowing cost.

3. Examples: a loan's approval or rate, apartment screening, or some phone plans. Accept a qualified example.

4. No. Income and reported borrowing history are different; higher income does not automatically mean on-time repayment.

Next steps without opening accounts

Students can practice reminders, compare fictional offers, and learn where to review a report. Do not require credit applications, paid monitoring, real reports, account creation, or sharing personal information.

Trusted sources | Verified October 2026

CFPB: Credit reports and scores
https://www.consumerfinance.gov/consumer-tools/credit-reports-and-scores/

CFPB: Who can request to see my credit report?
https://www.consumerfinance.gov/ask-cfpb/who-can-request-to-see-my-credit-report-en-1305/

AnnualCreditReport.com: Free weekly reports from the nationwide credit bureaus. Checking your own report does not hurt your score. A credit report does not necessarily include a score.
https://www.annualcreditreport.com/

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