

Section 4—Consumer Issues and Education

Title of Lesson/Subject: *Credit Card Statistics*

Prepared by: Kim Murphy

Contact Information

E-mail address: Kim.Murphy@sendit.nodak.edu Phone: 701-575-4275 (work)
701-866-7813 (cell)

Time Allotment: (1) 50 minute class period

Grade Level or Target Audience: 11-12 grade

ND Standards Competencies:

- Agriculture Business Management 3.2.6 Computer interest and APR
- Agriculture Business Management 3.2.9 Visit with an agriculture lender to investigate financing opportunities
- English Language Arts 9.4.5 Use critical listening skills
- English Language Arts 10.4.3 Formulate questions in response to a verbal message
- English Language Arts 10.1.1 Form questions to focus research
- Mathematics 9-10.1.8 Apply estimation skills to predict realistic solutions to problems
- Mathematics 9-10.1.9 Select and use a computational technique to solve problems involving real numbers.
- Mathematics 9-10.5.10 Solve a literal equation for a specified variable

Key Economic Concepts:

- Consumer Awareness

Brief Description:

- The importance of handling credit correctly.

Learner Objectives:

- List the reasons for having a credit card.
- List the issues that are related to having a credit card.
- Compare characteristics of various types credit cards.
- Explain the concept of responsibility.

Introduction:

- Does anyone in here have a credit card? (there may be a couple)
- Which ones do you have?
- If you don't have one do your parents/guardians have one? Two? Three? More?
- When do you use them?
- What are advantages of having a credit card? Disadvantages?

Lesson Outline:

Have them take the following notes down:

- I. The Average American Household
 - a. Has at least one credit card.
 - b. With over \$8,000 in credit card debt.
 - c. 81% of households have at least one card with balance.
 - d. 78% US households deemed credit worthy by the lending industry

- II. Average Purchase
 - a. Average Purchase with credit card: \$82 (it's on the rise)
 - b. Average VISA debit card Purchase: \$38 (It's on the decline slightly)
- III. Average Credit Balance
 - a. In 2002; \$8,387
 - b. This is the average that means some more and some less.
 - c. Average Interest Rate 18.9%
 - d. $\frac{1}{4}$ outstanding debt is \$18,952,600,000
- IV. CC Payment or Investing
 - a. Credit card payment of \$218
 - b. Instead you invested that \$218 in a 12% savings plan,
 - c. Retire in 25 years with \$1,354,930 saved.
 - d. Your credit card payment is not only costing you thousands in interest, but is prohibiting you from saving for you retirement.
- V. Total Credit Debt
 - a. First Qtr 2002: \$660 billion spent using credit cards.
 - b. \$660,000,000,000.00
 - c. Total credit card debt was approximately \$60 billion
 - d. \$50 billion total finance charges paid in 2001
 - e. Size of AT&T – the entire corporation is \$1.6 billion
- VI. Average American Household
 - a. 7 to 10 credit cards 2002
 - b. 7 cards in 2001
 - c. 6.2 cards in 2000
 - d. 4.21 cards in 1999
 - e. Average Interest Rate 18.9%
 - f. VISA 2000 credit survey
 - i. “48% of credit card owners only pay their minimum monthly payment...”
- VII. Credit Temptation
 - a. Being solicited an Average of seven times per year by credit card companies
 - b. Regardless of their credit histories...
 - c. Solicitations dropping
 - i. 2.2 billion first $\frac{1}{2}$ of 2001
 - ii. 1.6 billion first $\frac{1}{2}$ of 2002
- VIII. Credit Temptation
 - a. 150 – 200 million credit cards are issued annually in N. America since 2000
 - b. 500 million bank credit cards in N. America
 - c. 700 million retail credit cards in N America.
 - d. 1.2 billion credit + retail cards in N. America

After completing notes go to computer lab to <http://www.consumercredit.com/calculators.htm> and use the credit card interest calculator to work on figuring out example credit card debt problems on the calculator. For the last few minutes have them look at the other calculators and input their own number!

Resources:

<http://www.glenroseffa.org/lesson%20plans.htm>

<http://www.consumercredit.com/calculators.htm>

Activities:

- Note taking
- Inputting numbers into the computer

Application/Assignment:

- Computer Assignment

Evaluation Plan:

- Write a paragraph (journal entry) on what you learned today.