



# To Charge or Not to Charge?

## Standard 8: Interest, Credit Cards, and Online Commerce



Susan McHale, Kristen Sublett, Niky Styers, Melissa Gunter

Published by K20 Center

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<b>Grade Level</b>	7th – 12th Grade	<b>Time Frame</b>	150 minutes
<b>Subject</b>	Financial Literacy, Social Studies	<b>Duration</b>	3-4 class periods
<b>Course</b>	Personal Financial Literacy		

### Essential Question

What are the pros and cons of shopping online? How do I protect my personal information when shopping online? When is it best to use a credit card and how do different payment options work?

### Summary

In this lesson, students will discuss the pros and cons of online shopping and learn how to protect their online identities. Through a variety of scenarios, students will determine when is best to use a credit card or a debit card, as well as options for payments on credit cards. This lesson includes optional modifications for distance learning. Resources for use in Google Classroom are included.

### Snapshot

#### Engage

Through a class survey, students examine classmates' spending habits, frequency of online shopping, and how purchases are made online.

#### Explore

Student pairs briefly discuss the pros and cons of online shopping. Students also read a tip sheet about online shopping.

#### Explain

Student pairs determine whether to use a credit or a debit card in various situations.

#### Extend

Students individually research a particular credit card and report the APR, annual fee, and penalties for late or non-payment.

#### Evaluate

A variety of products can be used as assessments for this lesson, including the Explore's pro/con online shopping list, the Explain's scenario student handout, and the Extend's credit card research summary.

## Standards

*Oklahoma Academic Standards (Personal Financial Literacy (7th through 12th grade))*

**PFL.8:** The student will describe and explain interest, credit cards, and online commerce.

**PFL.8.1:** Compare costs and benefits of using credit cards and making online purchases (e.g., interest rates, fees, repayment schedules, and personal information protection).

**PFL.8.2:** Evaluate options for payments on credit cards (e.g., minimum payment, delayed payments, or payment in full).

## Attachments

- [Lesson Slides—To Charge or Not to Charge.pptx](#)
- [Tips-for-Safe-Online-Shopping - Spanish.docx](#)
- [Tips-for-Safe-Online-Shopping.docx](#)
- [To-Charge-or-Not-to-Charge-Student-Handout - Spanish.docx](#)
- [To-Charge-or-Not-to-Charge-Student-Handout.docx](#)
- [To-Charge-or-Not-to-Charge-Teacher-Answer-key.docx](#)

## Materials

- Lesson Slides (attached)
- To Charge or Not to Charge handout (attached; 1 per student)
- To Charge or Not to Charge Teacher Answer Key (attached)
- Tips for Safe Online Shopping (attached; 1 per student)
- Sticky notes (4 per student)

## Engage

Begin the lesson with **slide 3** from the attached **Lesson Slides**, which states the essential questions. Tell students that today they will explore these questions throughout this lesson.

Tell students that the first thing to be discussed is the online shopping habits of this class. Pass out four sticky notes to each student and ask them to place their name on each sticky note. Move to **slide 4**, which asks a question about the frequency of their online shopping. Have students choose one answer: A, B, C, or D. Write question one on the board and, underneath it, list A, B, C, and D in separate columns. Call on students in groups or by rows to place their sticky notes underneath the column of the response they chose. Continue until the entire class has placed sticky notes on the board. This is an instructional strategy called [Sticky Bars](#) (click the link for more information on the strategy). As the sticky notes are added underneath each letter, you should be able to make a quick tally of the number of students that responded in each category. What you write on the board should look similar to this:

### Online Shopping Survey

#### 1. How often do you make a purchase online?

A.	B.	C.	D.

#### Sample Sticky Note Survey Question 1

Begin a brief, whole-class discussion of how frequently most people shop online for the class. Call on students who voted in each or a few of the columns (using their names on the sticky notes) to discuss the frequency with which they shop online. If you have multiple class sections of financial literacy, you may wish to keep the class tallies of each question to report back on the overall survey results to all students the next day. Switch to **slide 5**, and write the second question on the board. Question two asks students to determine with what frequency they shop in a brick-and-mortar store within the community. Proceeding in the same manner as the first question, ask students to choose A, B, C, or D for the frequency in which they shop within the community.

Proceed in the same manner with question three, displayed on **slide 6**. Question three asks students to determine what they purchase MOST of the time online when they do shop online. Have students place their sticky note under the answer A, B, C, or D. Call on a few students to explain their responses. Move to **slide 7** and repeat with question four, which asks students what method they use to pay for their online shopping.

#### Optional Technology Integration: Conducting a Survey With Apps

This student survey can be conducted with technology instead of through Sticky Bars. To do this, you can use a free version of [Survey Monkey](#) or [Poll Everywhere](#). If you choose to do so, you will need to prepare your poll before the lesson begins.

## Explore

Move to **slide 8**. Have students get out a sheet of notebook paper and fold the paper in half lengthwise or hot-dog style. The center fold divides the paper into two columns. Have students write at the top of the first column "Advantages"; at the top of the second column, have students write "Disadvantages."

Assign students to a partner. Have partners discuss the advantages and disadvantages of online shopping. Allow no more than 5-10 minutes for this discussion. Each partner should write down 3-4 advantages and 3-4 disadvantages on their own notebook paper.

After giving pairs a few minutes to discuss, examine the pros and cons of online shopping as a class.

### Possible Student Responses

During this discussion, listen for students to bring up cons such as: possible identity theft of a credit or debit card, sites that are not reputable or have hidden information not known to the consumer, debt caused by the ease of credit card use, etc.

### Optional Modification for Distance Learning

For online or distance learning, consider making the above activity a whole-group discussion or dividing students up and sorting them into breakout rooms as groups to discuss the topic. You might also consider making this activity a discussion board post to which your students can respond directly. [Download all attachments to use this lesson in Google Classroom.](#)

## Explain

Transition students to the next activity by saying that the class will now explore some of the problems with online shopping that can occur. Pass out a copy of the attached **Tips for Safe Online Shopping** handout to each student. Ask for student volunteers to take turns reading aloud one tip as the class reads along silently. Ask students to discuss any problems that they have encountered with online shopping after each tip is read.

Pass out the attached **To Charge or Not to Charge** handout to each student. Read the directions aloud. With their partners, have students discuss each scenario and determine what is the best choice of payment for that scenario. They should justify their reasoning with an explanation. See the attached **To Charge or Not to Charge Teacher Answer Key** for a number of suggested student answers.

### Optional Modification for Distance Learning

Consider creating multiple copies of the attached **To Charge or Not to Charge** handout using Google Docs. Assign students to each copy of the handout and have them collaborate virtually. Students can add notes to the document and collaborate as a group using the "chat" feature in the document. You may also consider making this activity a discussion board post to which your students can respond directly. [Download all attachments to use this lesson in Google Classroom.](#)

## Extend

Students will understand the fees and interest rates of real credit cards more in-depth through this activity. Count students off, one through three. Have the 1s research the fees of a Visa card. Have the 2s research a MasterCard. Have the 3s research a Discover card. Explain to the students that these are the major credit cards that banks issue. However, different banks will have different interest rates, annual fees, and penalties for late payments. Move to **slide 9**. Ask students to find a website that offers their type of credit card and read the fine print of the credit card that includes information about the APR, fees, options for payments (minimum payments, delayed payments, or payment in full) and penalties for non-payment or delayed payments. Tell students they are to write a simple summary (about a paragraph) of the credit card requirements. They should also cite the website where they found the information.

Next, display **slide 10**, and ask students to find one or two people who researched the same credit card that they did. Once they are in groups of 2-3, ask students to share their research. Students may then make any necessary revisions to their work. Then, ask each group to elect a spokesperson to share their paragraph with the whole class.

Lastly, after hearing from each group, display **slide 11**. Invite student groups to discuss the following question: When faced with a decision about how to pay off your credit card, what are the pros and cons of the following payment options: minimum payments, delayed payments, or payment in full? Which do you think is the best method for paying off your credit card? Explain your reasoning with evidence. Give groups 5-10 minutes to discuss. Once groups have discussed their thoughts, invite someone from each group to summarize their group's discussion for the whole class.

### Sample Student Responses

Students might note that payment in full is ideal because you are not taking on any debt or having to pay any interest. However, in some cases like an emergency, it might be necessary to charge something because you can not pay the full amount immediately. In this case, you must make minimum payments and accept the interest payments as well. Ultimately, with interest, you end up paying more, but this option on the credit card can allow you to pay for something you really need. If you qualify for a delayed or deferred payment, you are granted a grace period for which you do not have to make a payment; however, interest still accrues and adds toward your total balance. This means you will have to pay more once payments begin again, and this increases your minimum payment amount.

### Optional Modifications for Distance Learning

For online or distance learning, consider making the above activity a whole-group discussion or dividing students up and sorting them into breakout rooms as groups to discuss the topic. You may also consider making this activity a discussion board post to which your students can respond directly. [Download all attachments to use this lesson in Google Classroom.](#)

## Evaluate

A variety of products can be used as assessments for this lesson, including the Explore's pro/con online shopping list, the Explain's scenario student handout, and the Extend's credit card research summary.

### **Teacher's Note: Looking for Hands-on Financial Literacy?**

Mind Your Own Budget (MYOB) is a comprehensive game-based learning application for financial literacy. Mind Your Own Budget is aligned with the OK Passport and National Standards for Financial Literacy. Through game-playing, students encounter everyday financial tasks such as making and keeping a budget, paying recurring and emergency expenses, managing financial accounts and using financial instruments. Each scenario presents a new challenge and teaches new concepts while building on important budgeting basics. To find out more about K20 Digital Game-Based Learning, go to <https://k20center.ou.edu/games/> or email [k20center@ou.edu](mailto:k20center@ou.edu).

## Resources

- ACCC - The Credit Counseling Professionals. (2017). Credit card interest calculator.  
<http://www.consumercredit.com/financial-education/financial-calculators/credit-card-interest-calculator>
- K20 Center. (n.d.). Sticky Bars. Strategies.  
<https://learn.k20center.ou.edu/strategy/d9908066f654727934df7bf4f505ee0f>
- McAfee. (2017). 8 tips on how to protect yourself online.  
<https://www.hawaiiantel.com/Portals/0/pdfs/8%20Tips%20on%20How%20to%20Protect%20Yourself%20Online%20D1-RM.pdf>
- Consumer Financial Protection Bureau. (2017). What is the debt-to-income ratio? Why is the 43% debt-to-income ratio important? <https://www.consumerfinance.gov/askcfpb/1791/what-debt-income-ratio-why-43-debt-income-ratio-important.html>
- Stern, J. (2012). Cyber Monday: Five tips for safe online holiday shopping [Video file]. ABC News.  
<http://abcnews.go.com/Technology/cyber-monday-online-holiday-shopping-tips-staying-safe/story?id=17806847>
- Other Resources-Calculate your front- and back-end debt-to-income ratio with this tool at Student Loan Hero:  
<https://studentloanhero.com/featured/student-loan-debt-to-income-ratio/>