

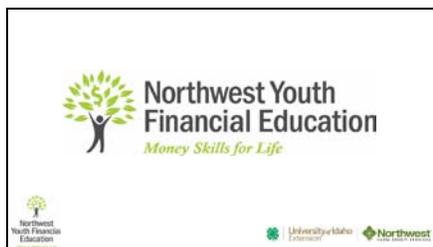
# Teens Credit Card Program

## Notes for Slideshow

Slide 1

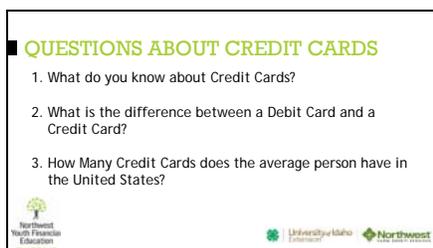


Slide 2



Teens Credit Card is part of the Northwest Youth Financial Education “Money Skills for Life” Program. This program is a partnership between the University of Idaho Extension and Northwest Farm Credit Services.

Slide 3



Open with some questions to begin the discussion about credit cards.

You can use the questions in the slides or insert some of your own.

- What do you know about Credit Cards?

Answers will vary so help teens understand, credits cards can be a useful or risky financial tool.

- What is the difference between a Debit Card and a Credit Card?

People are confused and think that debit cards and credit cards are the same thing. Both debit and credit cards are accepted as payment at the same places. Debit Cards carry the same Visa or MasterCard brands like credit cards. The main difference between the two is where the money comes from to pay for the purchases. A debit card draws money directly from your checking account when used; whereas, a credit card allows you to buy things on borrowed money that you receive a bill for each month.

- What is the average number of credit cards Americans have?

According to a recent Gallop Poll it is 3-4 cards.

Slide 4



(If you choose, insert your own personal story about your first credit card experience.)

Let me share with you my first credit card experience:

My first day as a college student, I was walking around campus and I saw a sign that said “Free College T-shirt.” I walked over to the booth, filled out an application for a credit card, and received a free college t-shirt. A week later, I received a credit card in the mail and began using it without understanding the full responsibility of owing a credit card.

It is now your turn to have the experience I had with my first credit card.

Who's ready to be approved for their first credit card?

Slide 5

**YOU HAVE BEEN APPROVED**

- Make sure and sign the front of your Teen\$ Credit Card
- Look at your Credit Limit credit card worksheet to see if you have been given either a \$1,000 or \$2,000 limit



Teens Credit Card Company has decided to approve each one of you for your first credit card. (Go ahead and pass out each participant a Teen\$ Credit Card and a Credit Limit Worksheet.)

Instruct the teens to sign the front of their Teens Credit Card, agreeing to the terms of their card, and also their Credit Limit Worksheet. Let the teens know that by signing their card, they are protecting their card from another person's use.

This is a good time to ask the teens if they know what a credit limit is and explain that it is the maximum amount of credit they have been extended by Teens Credit Card Company. In other words, it is the maximum amount they can spend on the credit card. Different people get different credit limits based on their income and credit scores.

Explain that everybody will either have a \$1,000 or \$2,000 credit limit on their credit card worksheet.

## Slide 6

**YOUR FIRST CREDIT CARD!**

- You now have 10 Minutes to shop and purchase things that you need or want
- To buy things, write down what you would like and what it costs
- Ready, set, shop!



Now that you have your first credit card, it is time to shop and purchase anything you need or want. Needs are things you need to survive. Wants are “nice to have” things. I will show you our virtual store on the screen.

Our virtual store is about to open and you will have the chance to write down what you want to buy and the price on your worksheet. You don’t need to spend a lot of time adding up your purchases.

Our virtual store will first show the picture of the products and then the next slide will show you the price. The store will cycle through two times so if you miss an item just wait until it cycles through again. If you do not see what you want to buy in our virtual store, you can go ahead and write down the item you want and how much it costs, just like you would if you were shopping online at Amazon, EBay, and other popular online stores.

Does anyone have any questions? Let’s shop.

\*Note to instructor – Most teens will have no problem buying things but some teens will not want to buy anything (they are already cautious of credit cards). When this happens let them know that if they don’t spend their credit limit, someone else is going to use it for them in today’s activity. The goal is to have them spend their credit limit! You could also tell the teens that the teacher or adults in the room will help them spend their credit limit. It is not important for the teens to take a lot of time adding their purchases. Just have them shop and write down the items and what they cost.

Sometimes you will have adults or teachers who don't understand what you are trying to teach the teens and they will encourage the teens not to use their credit cards or start to give away what you will be presenting later. If this happens, quietly explain to them that this is part of the learning experience and let the teens spend freely now, and the financial lessons will come together in the end.

Slide 7



Note to presenter: These slides are customizable and you can simply create a new store or update products as new trendy products are released. These are all stores you can use as is or customize to your intended teen audience. These slides are also timed and you can adjust the time as needed. You can also use the space bar to speed up the slides as needed.

There are some 4-H specific slides (animal care), you can hide these slides if your audience is different.

Slide 8

**ELECTRONICS: PHONE COSTS**

- Apple iPhone 6 16GB **\$549.00** (full retail price, no phone contract)
- Samsung Galaxy Note 4 **\$699.00** (full retail price, no phone contract)
- HTC One **\$600.00** (full retail price, no phone contract)
- Motorola Moto X **\$499.99** (full retail price, no phone contract)
- Sony Xperia Z3 **\$566.00** (full retail price, no phone contract)

\*All phones are full retail price, no phone contract



Slide 9

**ELECTRONICS: TABLETS**



Logos for Northwest Youth Financial Education, University of Idaho, and Northwest Community College are visible at the bottom.

As the teens are finishing up with their shopping, select two teens that have completed their shopping. Find one who has a \$1,000 limit and one who has a \$2,000 limit. Ask them to come with you to an area away from the rest of the group and have them complete the backs of their credit cards. Let them know they will be asked to share this information with the group when you tell them it is time (don't say anything until it is time).

Here is what they need to complete:

Credit Limit **\$1,000**

Interest Rate 18% (This is already completed)

Minimum Payment 3% of balance (This is already completed)

Length Until Payoff **8 Years**

Actual Cost **\$1,684**

Credit Limit **\$2,000**

Interest Rate 18% (This is already completed)

Minimum Payment 3% of balance (This is already completed)

Length Until Payoff **11 Years**

Actual Cost **\$3,654**

Slide 10

### ELECTRONICS: TABLET COSTS

- Amazon Fire HDX 8.9 **\$379.00**
- Microsoft Surface Pro 3 **\$799.00**
- Google Nexus 9 **\$399.00**
- Samsung Galaxy Tab S **\$349.99**
- Apple iPad Air 2 **\$489.00**



Slide 11

### ELECTRONICS: LAPTOPS



- Apple MacBook Pro with Retina Display
- Dell XPS 13
- Apple MacBook Air
- Toshiba Chromebook 2



Slide 12

### ELECTRONICS: LAPTOP COSTS

- Apple MacBook Air **\$949.00**
- Toshiba Chromebook 2 **\$329.99**
- Apple MacBook Pro w/Retina Display **\$1,000.00**
- Dell XPS 13 **\$799.00**



Slide 13



Slide 14



Slide 15



## Slide 16

### CLOTHING COSTS

- Miss Me Jeans **\$99.50**
- Diesel (Viker) Jeans **\$190.00**
- Wrangler Relaxed Fit Jean **\$18.97**
- Rock & Republic **\$88.00**
- Hollister Pullover **\$44.95** (Boys) **\$39.95** (Girls)
- Aeropostale **\$9.80** (Girls) **\$12.25** (Boys)
- Hurley-- Hoodie **\$55**, Shirt **\$18**
- Forever 21 Crochet Knit Tunic **\$27.90**, Tank **\$8.90**



## Slide 17

### SHOES



Vans

Nike

Justin Boots

Ariat Boots



## Slide 18

### SHOE COSTS

- Men's Vans TNT SG **\$65**
- Women's Vans Authentic **\$45**
- Nike Women's Shoe **\$140**
- Nike Men's Shoe **\$110**
- Women's Justin boots **\$115.95**
- Ariat Men's Square Toe Boot **\$179.95**



Slide 19



Slide 20



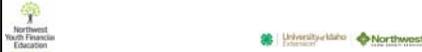
Slide 21



## Slide 22

### CAR ACCESSORIES COSTS

- Floor mats—Camo **\$42.86**, Pink Safari! **\$19.98**
- Window tint and applicator tools **\$9.99 + \$9.99**
- Seat Covers—Zebra **\$16.80**, Camo **\$22.96**
- Black Diamond Plate Tool Box **\$221.23**
- Sony Car Stereo Receiver w/ Bluetooth, NFC Pairing & App Remote SmartPhone Control **\$128**
- Peak Small Rearview Mirror w/ 3.5 inch Backup Camera **\$97.12**



## Slide 23

### ANIMAL SUPPLIES



## Slide 24

### ANIMAL SUPPLY COSTS

- Professionals Choice SMB II Boot- 2 pack **\$60.99**
- Professionals Choice Ballistic Overreach Boots **\$27.99**
- Sheep Tube **\$11.95**
- Goat Tube **\$17.49**
- 4-H Round Show Halter (cattle) **\$52.95**
- Flexcane **\$20.95**
- Slow Feeder Hay Bag **\$44.95**
- Leather Show Halter & Lead **\$64.95**
- Weatherbeeta Sheet **\$35.95**



Slide 25



Slide 26



Slide 27



Slide 28

### ANIMAL FEED COSTS

- Hay, per ton **\$250**
- Purina Honor Show Chow-Cattle **\$21.39**
- Purina Honor Show Pig **\$38.99**
- Purina Honor Show Lamb **\$22.69**
- Purina Honor Show Goat **\$21.95**
- Nutrena SafeChoice Perform **\$16.99**
- Trace Mineral Salt Block **\$6.99**



Slide 29

### TOYS/HOBBIES/GAMES



Slide 30

### TOYS/HOBBIES/GAMES COSTS

- Razor E100 Motorized 24V Electric Scooter **\$119.99**
- Interactive Robot **\$79.79**
- Jenga Tetris Game **\$12.98**
- Robotikits 14-in-1 Educational Solar Robot Kit **\$25.30**
- AniMagic Make Me Better Pets (Dog/Cat) **\$6.97**
- Nerf Football **\$11.64**
- Bike **\$79.97**
- Skateboard **\$39.96**



Slide 31

**AFTER YOUR SHOPPING SPREE**

- What did you buy?
- Who spent more than their credit limit?



At store closing time, go ahead and quickly add up your purchases.

You will find that the teens have been very engaged and have been excited about what they purchased. It is good to take 3 minutes or longer and ask them:

What did you buy?

Who spent more than their credit limit?

There is usually a few teens who have spent more than their credit limit. For the teens who have done this, tell them to add a \$50 over your credit limit fee to their worksheet. You can ask the teens if they think that this is fair or not. You can then point out that they signed their credit cards agreeing to all terms and conditions of the credit card.

Slide 32

**TRUE COST OF CREDIT CARDS**

- How long will it take to pay off the \$1,000 Teen\$ Credit Card if you pay the 3% minimum payment per month?



Have the teens turn over their Teens Credit Card and ask them:

How long will it take to pay off the \$1,000 Teens Credit Card if they pay the 3% minimum payment per month. Let them guess.

You will usually have a teen complete the simple math of \$30 a month and tell you 33 or 34 months.

Tell them it would have been that long if it wasn't for the 18% interest rate. Ask them:

What does the 18% interest rate mean?

If you have something to write on, you can write down that for every dollar

they used of their credit limit it costs .18 cents per dollar per year if they make just the minimum payment.

Ask your \$1,000 limit volunteer (by name) to share with the group the true costs of credit cards.

When the volunteer has shared the true costs, advance to the next slide.

Slide 33

TRUE COST OF CREDIT CARDS!

- Credit Limit: \$1,000
- How Long Until Paid Off: 8 Years!
- Actual Cost: \$1,684!

Logos for Northwest Youth Financial Education, University of Idaho, and Northwest Community College are visible at the bottom of the slide.

Instruct all the teens with a \$1,000 credit limit to fill in the blanks on the back of their Teens Credit Cards.

**Credit Limit \$1,000**

Interest Rate 18% (This is already completed)

Minimum Payment 3% of balance (This is already completed)

Length Until Payoff **8 Years**

Actual Cost **\$1,684**

This is a good time to ask the questions:

Wait a minute, didn't you only have a \$1,000 credit limit?

Why are you paying \$684 dollars more?

Will you still be using some of the stuff you bought in 8 years? Will some of the stuff be broken or obsolete? (you can personalize these questions by talking about a specific product)

What could you have done with that \$684 dollars instead of paying it to Teens Credit Card Financial Company in interest?

If you have a place to write something down for the teens to see, you can ask

by a raise of hands how many had the \$1,000 credit limit and you can multiply that number by \$684 to show the total dollar amount of interest costs.

Teens Credit Card Financial Company will earn a lot of money, don't you think?

Slide 34

**TRUE COST OF CREDIT CARDS**

- How long will it take to pay off the \$2,000 Teen\$ Credit Card if you pay the 3% minimum payment per month?



Ask the question:

How long will it take to pay off the \$2,000 Teens Credit Card if you pay the 3% minimum payment per month?

Go ahead and ask your \$2,000 credit limit volunteer (by name) to share the true costs.

Slide 35

**TRUE COST OF CREDIT CARDS!**

- Credit Limit: \$2,000
- How Long Until Paid Off: 11 Years!
- Actual Cost: \$3,654!



Instruct all teens with a \$2,000 credit limit to fill in the blanks on the back of their Teens Credit Cards.

**Credit Limit \$2,000**

Interest Rate 18% (This is already completed)

Minimum Payment 3% of balance (This is already completed)

Length Until Payoff **11 Years**

Actual Cost **\$3,654**

This is a good time to ask the questions:

Wait a minute, didn't you only have a \$2,000 credit limit?

Why are you paying \$1,654 dollars more?

Will you still be using some of the stuff you bought in 11 years? Will some of the stuff be broken or obsolete? (you can personalize these questions by talking about a specific product)

What could you have done with that \$1,654 dollars instead of paying it to Teens Credit Card Financial Company in interest?

If you have a place to write something down for the youth to see you can ask by a raise of hands how many had the \$2,000 credit limit and you can multiply that number by \$1,654 to show the total dollar amount of interest costs.

Teens Credit Card Financial Company is making a lot of extra money on the credit they extended you, don't you think?

## Slide 36

**GOOD USE OF CREDIT CARDS**

- What is a responsible way to use a credit card?
- Responsible use of credit cards can build your credit score
- What advice would you give someone who owed \$1,000 or \$2,000 and was only making the minimum payment?

There are responsible ways to use credit cards. They are:

- Use the credit card to make purchases you can afford to repay in the same month.
- Pay your credit card bill in full each month.
- If you want to buy a more expensive item using your credit card, save for the item first, then make the purchase, so you can pay for it in full when the bill comes.
- Once in a while, you may need to use your credit for emergencies. Emergencies are true needs and not wants. Emergency purchases should be paid back as quickly as possible.

Responsible use of a credit card and paying your bill on time each month, it's the best way to build a high credit score. One 30 day late credit score, will drop a credit score 120 points, potentially costing a person thousands of dollars in extra interest.

In the current credit card industry, there is over \$800 billion owed in credit card debt. Good advice to give someone with credit card debt, would be to:

- Stop using the card
- Pay more than the minimum monthly payment to reduce the debt as quickly as possible.
- You can refer teens to [www.powerpay.org](http://www.powerpay.org) as a free resource to help debtors become savers. Ask a presenter, you may want to check this website out in advance. There is also an iPhone/iPad PowerPay app.

## Slide 37

**WHAT YOU NEED TO KNOW**

- Credit Cards can be a tool or a trap depending on how you use them!
- Do not fall into the trap to buy "wants"
- Strive to pay your credit card off in full each month
- If you do this, you will build your Credit Score!



I want you to use a credit card responsibly. Remember you will have other types of debts such as student loans too. Use debts to pay for needs when necessary, but not wants.

Responsible use of all credit will help build your Credit Score.

Fast forward to your life in 10 years, by using what we learned today and responsibly managing your credit cards, student loans, and car loans, you will have a good credit score that rewards you by qualifying for the lowest interest rates and the best rates on insurance and future loans such as a home loan, which improves your financial well-being.

## Slide 38

**TEENS CREDIT CARD IN ACTION**



Slide 39



Slide 40



Slide 41



Slide 42



Slide 43



Slide 44

