

## 10-12 – Extension Activity for *Borrowing Basics*

### Specific Outcome(s)

- Career and Life Management
  - R8. Evaluate the advantages and disadvantages of credit
    - Describe the need for credit, the forms of credit and the procedures for obtaining credit
    - Examine the costs of using credit, the dangers of overextended buying and the impact of credit ratings
- Mathematics 10-3
  - N5. Demonstrate an understanding of credit options, including
    - Credit cards
    - Loans

At the end of this extension activity, students will be able to pick a credit card (based on guided research) that meets their future credit needs.

### Materials Needed

- Internet connected devices (e.g., Chromebooks)

### Materials Provided

- Picking Your Credit Card handout

### Logistics

- Ensure each student will have an internet connected device.
- Photocopy the Picking Your Credit Card handout 😊
  - Print enough copies for each student.

### Procedure

- Explore how students would choose to use a credit card. Have them complete a think-pair-share: Give them one minute to think about their answer independently, three minutes to discuss their answer with a partner, and five minutes to share as a class.
  - What purchases do they feel are appropriate to put on a credit card?
  - How would they keep track of their spending on a credit card?
  - What do they worry about when it comes to using a credit card?
  - What strategies would they use to manage debt?

- Review what to consider before applying for credit and the steps to follow to when applying for a credit card.
  - The five Cs of credit are character or credit history, capacity, capital, collateral, and conditions. Lenders look at
    - How you've managed your debt in the past;
    - Your ability to repay what you borrow;
    - Savings, investments, and assets that you're willing to put towards what you're borrowing (e.g., a down payment on a home);
    - Things you can provide as security for what you're borrowing; and
    - Other information that help them to determine if you qualify for credit (e.g., how you plan to use the money).
  - The application process varies, but it's helpful to have your personal information handy before applying.
  - Students will want to consider
    - Interest rates
    - Additional fees and costs
    - Introductory offers
    - Rewards and benefits
    - Building credit
- Give students time to investigate credit cards using the provided handout.
  - "You're going to investigate credit cards offered by at least three banks."
  - "Pick a credit card you would apply for and explain why you chose it."
  - If students are done early, have them research additional credit cards from other financial institutions.
- When ready, ask the following review questions to solidify students' learning:
  - "How does researching credit cards help us now and in the future?"
  - "What is important to think about before applying for a credit card?"
  - "What did you prioritize when choosing a credit card? Why?"
  - "Was it difficult to choose a credit card that met your needs?"

## Picking Your Credit Card

Congratulations 😊 You are planning to

start work  go to a trade school  go to a college  go to a university  travel

next year, and you want to establish a credit history and earn a good credit score!

Investigate the credit cards offered by *at least three* of the following five banks. Using the information you find, pick a credit card you would apply for.

- Toronto-Dominion Bank (TD Canada Trust)
- Royal Bank of Canada (RBC)
- Bank of Nova Scotia (Scotiabank)
- Bank of Montreal (BMO)
- Canadian Imperial Bank of Commerce (CIBC)

You must be eligible to apply for the credit card (at 18 years old) to choose it. Pay close attention to any introductory offers and when they end.

Credit Card	Annual Fee	Interest Rates	Minimum Income	Rewards
ATB Alberta Mastercard	No annual fee	Purchases: 19.99% Default rate: 24.90% Cash advances: 22.99% Default rate: 26.90%	N/A	N/A


Which credit card would you choose to apply for? Why would you choose it?

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