



Moneywise
America™



CREDIT HISTORY



Your guide to
teaching about
credit reports and
what impacts them.

*Facilitator
guide*



FOUNDATION

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I: MONEYWISE AMERICA PROGRAM OVERVIEW

ABOUT MONEYWISE AMERICA

Moneywise America (MWA) is an innovative new financial literacy program designed to help level the economic playing field through high-quality financial education for teens across the country, with a focus on reaching youth in under-resourced communities and schools. It encompasses four core components:

- **Training: Internal training for Schwabbies to build their skills and confidence to teach financial literacy to teens.** All MWA volunteers will complete at least 35 minutes of training; for those who are interested, there will be opportunities to complete up to three levels of certification, all at your own pace.
- **Content: Original, proprietary, standards-based financial literacy curriculum designed specifically for use with teens.** MWA content can be used on its own or as a supplement to a community organization's existing financial literacy content.
- **Volunteerism: Trained Schwabbies can utilize MWA content to teach financial literacy in the community or use their training to deliver an organization's existing financial literacy content.** While some Schwabbies may already know where they want to volunteer, we will provide resources and support to help ensure anyone who wants to can get out there and volunteer in their community.
- **Partnerships: Nonprofits and community organizations help us reach teens where they are.** National partners include Boys & Girls Clubs of America, Junior Achievement, and SIFMA Foundation. Locally, Schwabbies will also partner with schools and other teen-serving organizations in their communities.

Moneywise America builds upon Schwab's position and legacy as a national financial literacy leader. For more than three decades, Charles Schwab Foundation has worked to advance financial literacy for people of all ages. Through MWA, Schwab is doubling down on our efforts to reach as many youth as possible with high-quality financial education.

PARTICIPANT BENEFITS

Moneywise America is critical to Schwab's vision of preparing the next generation to achieve financial freedom. Financial literacy is an essential life skill, one that is especially important for teens, yet there is a stark lack of focus on financial literacy within our mainstream educational systems. Less than half of U.S. states require that students take a course in personal finance in order to graduate from high school, and only five states require that it be a standalone course.

This gap—between the need for quality financial education and access to it—is even more pronounced for teens from under-resourced communities and schools. According to the 2020-2021 [State of Financial Education Report](#), only 7.4% of Black and brown students, and 7.8% of low-income students, have access to a stand-alone personal finance course required for high school graduation.

Moneywise America is part of our effort to help fill that gap. It is designed to help teens develop both **comprehension** of key personal finance concepts and the **skills** to take informed action based on their personal goals and dreams. Participants will benefit from:

- Expertly created content designed to teach teens essential personal finance concepts including goal setting, budgeting and saving, managing money and unexpected costs, responsible credit and debt management, planning for college, and investing.

- A highly engaging and flexible program model designed to meet teens where they are.
- Interaction with impassioned and skilled Schwab volunteers, trained in delivering financial literacy content to a diverse teen audience.
- An enhanced understanding of key financial concepts and actionable takeaways, including how to apply them directly to their lives now in order to help them achieve their goals for the future.

PRIMARY AUDIENCE

- **Age Range:** MWA content is designed to appeal to teens ages 13-18.
- **Group Size:** 15-30 attendees is ideal to allow full participation in the allotted time.
- **Community Partners:** MWA is designed to be delivered in partnership with teen-facing nonprofit organizations (e.g., Boys & Girls Clubs, Junior Achievement, etc.) and/or local schools.

PROPRIETARY CONTENT

Moneywise America content includes 22 standards-based individual personal finance sessions, each designed to be used in a modular way.

- Each session* can act as a stand-alone lesson if you have only one visit with a group of teens.
- Each session can be bundled with other sessions for a more extensive learning experience if you are meeting with the same group of teens multiple times. For information on session bundle recommendations, visit the Content page at *Jumpword*: Moneywise America.

*Only one session, *Personal Goals & Decision Making*, is never used on its own.

This session, *Credit History: Understanding Credit Reports and What Impacts Them*, is the fourth session within Module 3 of the MWA framework.

Moneywise America Content at a Glance				
Foundational Sessions	Get Started: Intro to Money Basics			
	Personal Goals & Decision Making			
Module 1: The Basics	Module 2: Money Management	Module 3: Credit & Debt	Module 4: College & Career Planning	Module 5: Investing
1.0: Set Money Goals	2.0: Manage Your Money	3.0: Master Credit & Debt	4.0: Plan for the Future	5.0: Get Invested
1.1: Budgeting	2.1: Paycheck	3.1: Types of Debt	4.1: Career Path	5.1: Saving & Investing
1.2: Spending	2.2: Financial Products	3.2: Responsible Credit	4.2: Education Costs	5.2: Power of Investing
1.3: Saving	2.3: The Unexpected	3.3: Credit History		5.3: Investing Options
		3.4: Identity Protection		

II: SESSION STRUCTURE—HOW IT WORKS

Moneywise America content and sessions are developed by expert educators. They are intentionally designed to create a positive learning environment, elicit engagement and facilitate an easy flow. There is a consistency to the session structure which builds familiarity and comfort for teens when multiple sessions are used.

Credit History: Understanding Credit Reports and What Impacts Them 60-minute session includes the below components, and Section V of this Facilitator Guide offers a detailed script and clear prompts for each.

- **Welcome:** This is where you welcome participants, introduce yourself and establish rapport, including a welcome exercise, reviewing expectations for working collaboratively, and participant reflection related to the learning objectives.
- **Engage:** You will share a video to introduce the main content of the session. Typically, the video will be followed by a guided discussion or an exercise. In addition to the presentation slides, there may be worksheets in the Teen Guide to support the exercises.
- **Explore:** In many cases, you will introduce a second video to further expand upon and deepen the lesson. Following the video, you will reinforce the learning through a combination of guided discussion, individual, and/or group exercises that will enable participants to apply concepts to their own lives. In addition to the presentation slides, there may be worksheets in the Teen Guide to support the exercises.
- **Wrap-Up:** You will close the session with group and individual reflection on key takeaways. Participants will revisit the same prompt from the beginning of the session and record their updated response. Finally, you will ask participants to complete a brief session evaluation and thank them for participating.

III: PREPARATION—WHAT YOU NEED TO KNOW IN ADVANCE OF YOUR SESSION

Prior to your session, work together with your Schwabbie co-volunteer(s) to confirm the **WHO, WHAT, WHERE, WHEN** and **WHY**. Doing so will ensure you're fully prepped and ready for a seamless program delivery.

We recommend a **total of two or three volunteers** and the roles can be shared in the following way:

- **Project lead:** delivers content as facilitator and plans the volunteer project with the community organization
- **Engagement lead:** guides the teen engagement process, works the room or monitors chat, may relay questions on behalf of teens if needed, watching for reactions or places where it looks like they are stuck or excited
- **Operations lead:** runs the technology, troubleshoots, and is there to support the overall event to make sure it runs smoothly

If you are delivering a session with two volunteers, we recommend that you combine the project and engagement lead into one role.

- **WHO:** As you're preparing for your session, you'll want to make sure you have a good understanding of who will be in the room with you. Confirm with your host the demographics of the participants, as well as their ages/grades so you can be intentional in how you're gearing the discussion to a younger or older audience. Are there any key challenges or unique aspects of the student group that you should be aware of? Since your host will be familiar with the group, you'll want to make sure they'll be available throughout the session to help keep the students engaged and paying attention.
- **WHAT:** Get comfortable with the material you'll be teaching! Take time to review this entire Facilitator Guide, prepare a few personal or current event stories to use as examples where appropriate, and determine what supplies you'll need for the session, as noted in Section IV of this Guide, and if you or the host will provide them.
- **WHERE:** You'll want to talk with your host to gain a good sense of the physical space in which you'll be delivering the lesson. Is it a classroom? Is there space for participants to work in small breakout groups? Make sure you understand the technical capabilities of your location as well, including internet availability, the required screen capabilities, connectors, and adapters to play the video(s). What equipment or resources do you need to supply? Check with your host that they (or someone else on site) will be able to assist with any technology troubleshooting on the day of. Are there other staff or teachers who will be in the room to help facilitate?
- **WHEN:** Plan to arrive at the location at least 20-30 minutes prior to the start of the session so you have plenty of time to set up and prepare, including testing the tech, making sure the video sound is working, acquainting yourself with the space, and identifying an area for breakout groups. Confirm with your host the dynamics of when you are presenting and where the teens are coming from/going to on either end of the session. Understanding these details will provide some helpful insight into the mindset of your participants.
- **WHY:** To best meet the participants where they are, it's important to understand why they're here. Did they self-select to take this course, or are you delivering to a group with mixed interests? Is this part of a larger curricula, or are you being viewed as more of a one-time guest speaker or someone who is introducing the topic that will be explored further over time? Knowing the "why" behind the teens' attendance will help you estimate their potential engagement level, and prep accordingly.

IV: HOW TO USE THIS FACILITATOR GUIDE

This Facilitator Guide is your step-by-step outline for how to facilitate *Credit History: Understanding Credit Reports and What Impacts Them* session, and includes a script, directions for delivery, and helpful tips and reminders. This Guide is for your own use when preparing for and presenting the session; it is not to be shared with program participants. Before diving into the Facilitator Script (Section V), read the key information below.

WHAT YOU WILL NEED FOR THE *CREDIT HISTORY: UNDERSTANDING CREDIT REPORTS AND WHAT IMPACTS THEM* SESSION:

- **Facilitator Guide:** Read through this full Guide prior to volunteering so you are prepared and confident before your session. Print out this Guide and bring it with you for reference and in case of technical difficulties.
- **Presentation Slides:** You will walk program participants through these slides during the session. They work hand in hand with the session outlined in the Facilitator Guide and are key to engaging program participants. In case of technical difficulties, download the presentation slides to your computer and send them to the host beforehand.
- **Video:** Each session has at least one video that corresponds with the lesson. The video(s) are embedded in the presentation and can also be found by visiting the Content page at *Jumpword: Moneywise America*. As with the presentation slides, download the video(s) to your computer and send them to the host as separate file(s) beforehand. Details on when to play the video(s) are included in the Facilitator Script (Section V).
- **Teen Guide:** Session worksheets and handouts should be distributed to program participants prior to the start of the session, either by you or your host. Teens will complete the worksheets during the lesson and keep them as a helpful takeaway. You can find the Teen Guide for this session (including the handouts below) by visiting the Content page at *Jumpword: Moneywise America*.
 - Pre/Post Session Self-Reflection Form
 - Car Loan Analysis Worksheet
 - My Credit Score Journey Worksheet
 - Session Evaluation Survey (Note: Teens may complete the survey online using the link at the top of the form and in the presentation. For those who complete hard copies, please collect the surveys at the completion of the session and email responses to SchwabCommunityServices@Schwab.com)

PRE-SESSION CHECKLIST

Details of each session (the **WHO, WHAT, WHERE, WHEN, and WHY**) will vary for each facilitator. For a seamless delivery, work together with your host and Schwabbie volunteer partner(s) to make sure you've confirmed the following details. If you have any questions prior to your event, please email SchwabCommunityServices@Schwab.com.

<input type="checkbox"/> Confirm Attendees (Ages/Grades of Teens)	<input type="checkbox"/> Confirm Role of Each Volunteer
<input type="checkbox"/> Confirm Interest/Experience Level of Teens	<input type="checkbox"/> Confirm if Laptop is Provided (Or if You Will Bring)
<input type="checkbox"/> Confirm Role of Host; Exchange Contact Information with Host	<input type="checkbox"/> Confirm Who Will Run the Presentation Slides and Video(s) (You or Host)
<input type="checkbox"/> Confirm Who Will Provide Any Other Needed Materials Such as Sticky Notes or Markers (You or Host)	<input type="checkbox"/> Confirm Required Screen Capabilities and Tech to Play Video(s)
<input type="checkbox"/> Confirm Who Will Print Teen Guide Materials (You or Host)	<input type="checkbox"/> Review Facilitator Guide and Video Script(s); Print Copies to Bring
<input type="checkbox"/> Confirm Internet Access at Location	<input type="checkbox"/> Brainstorm Personal Examples or Relevant Current Events to Share with Teens
<input type="checkbox"/> Confirm Space for Breakout Groups	<input type="checkbox"/> Arrive 20-30 Minutes Early for Prep
<input type="checkbox"/> Remember to Have Your Cell Phone Handy to Help Track Time	

VOLUNTEER GUIDANCE—ENGAGING YOUR TEEN AUDIENCE

This Guide includes a script for your session and ideas for introductions. For more comprehensive information on working with teens of different backgrounds and abilities, and group facilitation techniques, refer back to your Employee Training Modules.

- **Personalize the Session:** Personalize the session by including real-life examples and stories. Try to make examples relatable to the teens; for example, speaking about retirement or goals 20 years from now may not resonate as much as saving \$100 a week from a summer job. It may be hard for teens to conceptualize past a few years in the future.
- **Don't Move Too Quickly:** Leave teens enough time to properly think through questions by taking pauses and stopping the video where necessary. Take breaks and allow for questions to ensure teens are following along with the session. And remember, silence in the group doesn't necessarily signal disengagement—participants may be processing the information/concepts they're hearing about.
- **Gauge the Personality of the Group:** For example, if the group is energetic, calling on people may be appropriate and an efficient way to encourage participation, but if the group is shy this may seem intimidating.
- **Engage the Host:** Allow the host to assist, as they may know methods for engaging their groups.
- **Meet Teens Where They Are:** Remember, teens aren't used to talking about financial concepts the way you and your colleagues, or even other adults, might be. Use basic language and avoid complex financial, educational and/or Schwab-specific terminology that may confuse participants. Also be sure to present financial services and concepts objectively—do not “sell” Schwab to teens.
- **Use Proper Pronouns:** To personalize the experience and avoid accidentally offending someone by assuming gender identity, ask for teens to use name tags with their preferred pronouns. Consider including your pronouns on your nametag as well to show inclusiveness.

Most importantly, remember to smile, use eye contact, and be friendly and conversational throughout the activity.

SESSION ADAPTATIONS

We all know that technology isn't foolproof; things happen! If challenges arise while facilitating, try not to stress. Be flexible and adapt, as best you can, by continuing to deliver the session. Here are some ideas for addressing potential hiccups:

- **Video Issues:** As noted above, it is best to bring the video(s) in a few formats. While the video(s) will be embedded in the presentation, also download them to your computer before the event and send them to the host ahead of time. If the video(s) do not play on the device you're delivering the program on, try a different format or have the host try to play the video(s). Prepare for the worst by coming with the session's video script(s) printed out (Section VI of this Guide) so you can summarize the concepts if needed. Don't spend too much time fussing with the video(s); if they don't work, read the script(s) and move on to the next activity.

- **No Internet:** Familiarize yourself with the lesson ahead of time and think through your action plan if tech is unavailable. Bring a printed copy of this Facilitator Guide to the session so you will still have all the presentation information and the teens will be able to do the activities.
- **No Room for Breakout Groups:** If there is no space for teens to work in small groups, have them work in pairs, or do all the activities together as one big group, encouraging participation from everyone. Or, get creative! Choose a way to “split” the group into teams while keeping everyone in the same space. For example, “if your birthday is between January–March, you’re team A. What would everyone on team A choose for this question?”

SHARE YOUR EXPERIENCE

We are proud of our Schwab volunteers for empowering the next generation with financial literacy skills through Moneywise America. As we continuously enhance this program, we want to hear from you about your volunteer experience. Following your session, please consider doing the following:

- Share your volunteer feedback by visiting *Jumpword: Moneywise America* and navigating to the Quicklinks section
- Join the conversation on the Moneywise America Teams channel
- Post on social media (*Jumpword: Schwab4Good*)

V: FACILITATOR SCRIPT



Credit History: Your guide to teaching about credit reports and what impacts them.

Session Overview

The purpose of this session is to extend participants' understanding of what a credit score is, how it is determined, and how it impacts one's ability to reach future goals. Participants will explore how various behaviors impact a credit score, see how high and low credit scores can affect the cost of credit and learn what to do if they encounter problems or issues with their credit.

This session includes two videos, with the first showing three teens—Cameron, Maya, and Eddie—studying at the library. As Cameron struggles with a math problem involving percentages and interest related to buying a home, Maya reveals that her cousin ran into challenges when trying to purchase a home because of her credit score. Cameron notes that his brother had similar issues when trying to buy a car. Although Maya and Cameron understand that good credit is important, the question remains: What affects a credit score?

The second video offers a deeper discussion on the components that determine a credit score. It begins with explaining that a credit score is like a report card for your financial decision making and goes on to give the range that credit scores fall under and to provide suggestions on how to make decisions about credit.

Take Away:

As a result of taking this session, participants should understand what credit history is and the components of a credit score, and how both are used. Through real world scenarios, they will understand the impact of high and low credit and begin to determine the behaviors and decisions that affect a credit score. Lastly, they will gain knowledge of how to deal with credit problems.

Session Outline: In-Person Delivery



Notes to the Facilitator:

- Remember this is a guide, personalize your talking points so it doesn't feel like you're just reading to the participants.
- Be relatable! You're talking to teens so try not to use too much "industry" language.
- Remember not to push Schwab on the participants when talking about financial institutions or brokerage firms. Always say "through Schwab or similar companies, you can do XYZ."
- If you're meeting with the same group of teens multiple times, you can skip the "Collaborate" section after your first session.

Welcome

- Welcome: Thumbs Up or Down Exercise 5 minutes
- Collaborate 2 minutes
- Pre-Session Self-Reflection 4 minutes
- Objectives 2 minutes

Engage

- Credit History: Video 1 3 minutes
- Discuss 3 minutes

Explore

- Credit History: Video 2 8 minutes
- Discuss 3 minutes
- Practice and Discuss: Car Loan Analysis Worksheet 10 minutes
- Practice: My Credit Score Journey Worksheet 12 minutes

Wrap-Up

- Discuss: Overall Session 4 minutes
- Post-Session Self-Reflection & Evaluation 3 minutes
- Close 1 minutes

Total:
60 minutes

Materials Needed

Facilitator

- Presentation slides (PPT)
- Facilitator Guide (PDF); printed copy of this document, includes:
 - Video Scripts 1&2
- Videos 1&2 (these are embedded in the presentation slides, but you may want to download as back-up)

For Participants

- Teen Guide (PDF), includes:
 - Pre/Post Session Self-Reflection Form
 - Car Loan Analysis Worksheet
 - My Credit Score Journey Worksheet
 - Session Evaluation Survey



WELCOME

Notes to the Facilitator:

“Thumbs Up or Down” is a cooperative learning strategy that invites participants to express their opinions and take a position while incorporating movement and discussion. Participants are able to express their opinions when presented the following options:

- *Thumbs Up: Agree*
- *Thumbs Down: Disagree*

To begin, read a statement. Afterwards, give participants a chance to express their position. You can call on a volunteer from each position to explain the reason for their selection. This helps the group understand each other's perspectives.



Facilitation: **Welcome**
5 minutes (Slides 2-7)

Greet participants by introducing yourself. Take 5 minutes to guide participants through “Thumbs Up or Down.” Provide participants the following directions:

- *“Good morning/afternoon. My name is _____. I’m from Charles Schwab and I’m a Moneywise America volunteer. My job is _____ and I’m here today to start the conversation about the ways you use credit and how that determines your credit score. **(ADVANCE TO SLIDE 3)** To begin, I’m going to make a statement and depending on your position, use your hand to give me a Thumbs Up if you Agree, or a Thumbs Down if you Disagree.” **(ADVANCE TO SLIDE 4)***

Share the following statements. Ask one participant from each position to explain the reason for their opinion.

- *I know what a credit score is. **(SLIDE 4)***
- *I understand the difference between having good or bad credit. **(SLIDE 5)***
- *I think that a credit score has an impact on my goals. **(SLIDE 6)***
- *I know how to build up good credit. **(SLIDE 7)***

Thank participants and transition to Collaborate, SLIDE 8



Collaborate

Notes to the Facilitator:

Setting norms within a group is essential to establish the expected behaviors of group members. As participants will be working collaboratively and cooperatively with both you and each other, the “4 Ps” are designed to promote the development of mutual respect and a collaborative spirit.



Facilitation: **Collaborate**
2 minutes (Slide 8)

Present participants with the group norms of collaboration, elaborating if needed.

- *“We will be working together as a group, so here are some guidelines that we can follow to help us succeed in our work together. Can I get a volunteer to help me read through the ‘4 Ps’?”*
 1. *Posing questions–If you’re unsure, ask! It’s the best way to learn.*
 2. *Putting ideas on the table–Sharing your ideas helps us all learn.*
 3. *Paying attention to self and others–Being attentive shows respect and encourages curiosity.*
 4. *Presuming positive intentions–Start with the assumption that people mean well–it will make us better listeners and communicators.”*

Thank the participants who volunteered, by name, and transition to the Pre-Session Self-Reflection, SLIDE 9



Pre-Session Self-Reflection

Notes to the Facilitator:

Participants will use the Pre/Post Self-Reflection Form (found in their Teen Guide) twice during the session. Here, they will be asked to respond briefly to a prompt before the lesson begins. Towards the end of the session, they will be asked to respond to the same prompt. This will help reinforce key lessons and how they apply to their lives.

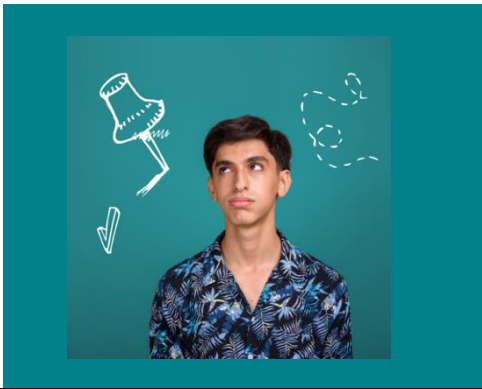


Facilitation: **Pre-Session Self-Reflection**
4 minutes (Slides 9-10)

Have participants access the **Pre/Post Self-Reflection Form** and give directions for completion:

- *“Before we get started, I have a question that I’d like you to respond to. Once you access the Pre/Post Self-Reflection Form, please write a sentence or two to respond to this question. Don’t worry about writing a long paragraph, just focus on getting your general thoughts or ideas down in 1 to 2 sentences.*
- **(ADVANCE TO SLIDE 10)** *What affects my credit score and how does my credit score affect my ability to reach my future goals? Take a moment to think about this question and let me know if you have any questions. Hold on to this form, as we will revisit this same question at the end of today’s learning experience.”*

Transition to Objectives, SLIDE 11



Objectives

Notes to the Facilitator:

Learning objectives help provide a roadmap for the participants and give purpose to the learning.



Facilitation: **Objectives**
2 minutes (Slide 11-12)

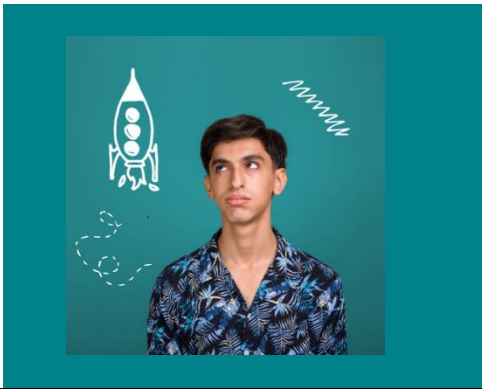
Explain learning objectives to participants:

- *“Today during our session, you will be able to:*
 - *Know the components and uses of a credit score and the types of information compiled by credit bureaus*
 - *Know how credit histories are used by employers, landlords, and creditors for as long as 7-10 years*
 - *Know the behaviors that can help you avoid credit problems*
 - *Know what to do if you run into credit problems*

(ADVANCE TO SLIDE 12)

- *Be able to link the cost of credit to high vs. low credit scores*
- *Be able to determine which credit behaviors most affect a credit score*
- *Be able to predict how different types of credit use will positively and negatively affect credit scores*
- *Be able to predict how credit use will affect one’s life outside of credit products (employment, housing, etc.)*

Transition to show Credit History: Video 1, SLIDE 13



ENGAGE: Credit History: Video 1

Notes to the Facilitator:

Providing participants with a short introduction to the video will help set the stage for how they view the video.

This video begins with teen characters Eddie, Maya, and Cameron studying in the library. Cameron asks for help on a math problem, which leads to Maya discussing her cousin's bad credit history and struggles faced when trying to buy a house. Cameron's brother is having the same trouble qualifying for a car loan because of late payments from the past.

The premise of this video is to get participants thinking about responsibly building good credit, what that entails, and why it is important in the short- and long-term.

When presenting the discussion questions, keep the following in mind:

- *"Maxing out" credit cards, late credit card payments and loans can negatively impact a credit score*

For Maya and Cameron's family members, bad credit makes it hard to qualify for loans and increases the interest rate on those loans. This will impact their ability to borrow and can cause them to pay more in the long-term.



Facilitation: **Engage: Video 1**
6 minutes (Slides 13-15)

Before showing **Credit History: Video 1**, prompt participants with the following:

- *"Today we find Eddie, Maya, and Cameron in the library studying. A math problem about interest rates and down payments for buying a house prompts the group to discuss this situation in real life and how various family members are having a difficult time getting home and car loans because of their credit scores. Let's listen in for more."*

(ADVANCE TO SLIDE 14, play Credit History: Video 1)

After the video plays, **ADVANCE TO SLIDE 15**. Ask the participants the following questions, calling on one or two participants for answers:

- *"What can lead to a bad credit score?"*
- *How did having bad credit affect Maya's cousin and Cameron's brother?"*

Transition to Practice, SLIDE 16



EXPLORE: Credit History: Video 2

Notes to the Facilitator:

This video is designed to elaborate on the factors that are used to calculate a credit score. Below are the key takeaways from the video:

- **Payment history** is 35% of a credit score. Make sure to pay bills on time.
- **Credit utilization** is 30% of a credit score. Using a high percentage of available credit is an indication of a risky borrower.
- **Length of credit history** is 15% of a credit score. The longer the responsible credit use, the more favorable a credit score can be.
- **Types of credit** is 10% of a credit score. Managing different types of debt responsibly creates healthy credit.
- **New credit** is 10% of a credit score. Opening too many accounts too quickly is another sign of a risky borrower.

After the video, give participants the opportunity to ask questions about the concepts presented. Although it can be uncomfortable, give the appropriate amount of wait time to participants to think of their questions. Then, move on to the next part of the session.



Facilitation: [Explore: Video 2](#)
[11 minutes \(Slides 16-18\)](#)

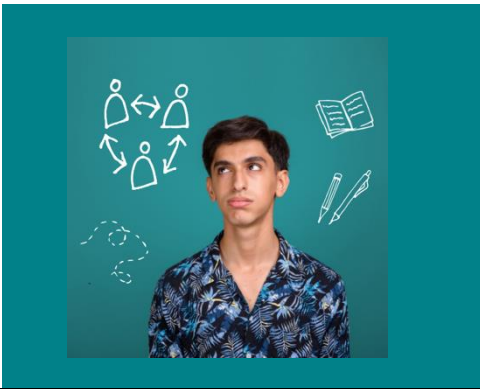
Introduce the informational video to participants:

- *“Now let’s take a closer look at what makes a credit score and how to be responsible with your credit. Afterwards, we’ll examine three people looking to get a car loan and how each of their credit scores impact the overall cost of their loan.”*
(ADVANCE TO SLIDE 17, play Credit History: Video 2)

After showing the video, solicit questions from participants and provide clarifying answers to check for understanding. **(ADVANCE TO SLIDE 18)**

- *“What questions do you have about what makes up a credit score and what to do to ensure healthy credit?”*

Transition to Practice, SLIDE 19



Practice: Car Loan Analysis

Notes to the Facilitator:

In this activity, participants will analyze the behaviors and actions related to the ways 3 different individuals attend to their credit. Each profile leads to the need to purchase a car. Key points for the discussion questions can include:

- *More responsible actions related to using and paying for credit lead to higher credit scores.*
- *Higher credit scores correlate with lower interest rates for the car loan.*
- *Lower credit can be improved by making payments on time, not opening too many new credit accounts at a time, and trying not to utilize all of the credit available.*
- *Companies and lenders look to avoid risk and want their borrowers to be able to pay back money that is owed. A good credit profile signals less risk and more responsibility.*

Having no credit history poses risk to lenders, as they don't know how to predict how someone will repay a loan; this often leads to higher rates and the need for a co-signer.



Facilitation: **Practice: Car Loan Analysis**
5 minutes (Slide 19)

Have participants access the **Car Loan Analysis Worksheet** from the Teen Guide and introduce the activity. Have participants read through the three credit profiles and corresponding loan information.

- *“We’re going to work together now to see how a person’s actions with their credit and debt can affect their credit score, and the implications of that score on reaching the financial goal of purchasing a car. Take a couple of minutes to read each of the profiles and loan information.”*
(Give participants 3–4 minutes to review the credit profiles and then move to the discussion questions.)

Transition to Discuss, SLIDE 20



Discuss: Car Loan Analysis

Notes to the Facilitator:

If time permits, it can be an important talking point to mention some of the hidden costs of purchasing a car, such as:

- State and local tax rates on the purchase price of the car
- Insurance premiums (monthly payment for insurance policy)
- State licensing fees (registration and licensing fee)
- Fuel costs (regularly purchasing gas or charging fees)
- Maintenance and repair (regular service checks and/or costs of repair)



Facilitation: **Discuss: Car Loan Analysis**
5 minutes (Slide 20)

As a group, review and answer the discussion questions below.

- *“Now let’s look at the discussion questions. You may need to reference the profiles for some of the questions.”*

Discussion questions and sample answers:

Q: *“What do you notice about these three profiles?”*

- *Stephen and Robert’s credit histories are more challenging than Annie’s. Stephen’s payment problems impact his credit score and interest rate. Robert has a lack of credit history, making it hard for lenders to determine if he is a responsible borrower. Thus, he is reliant on his parent’s credit score (reflective of their financial mistakes). He doesn’t qualify for a low interest rate.*

Q: *“What do you notice about the relationship between the profiles and the interest rate for the car loan?”*

- *The lower the credit score, the higher the interest rate.*

Q: *“Which profile do you think has the best credit? Why do you think that?”*

- *Annie has the best credit – she shows responsible behaviors with her debt and works to keep it at a reasonable amount.*

Q: *“Which profile has the worst credit? What can they do to improve it?”*

- *Technically Stephen has the worst credit, but Robert has no credit, so that puts him in a more difficult financial position with his credit history. Stephen needs to make payments on time, and Robert should open some sort of credit account to show he is a responsible borrower.*

Q: *“Why would companies charge less to borrowers with known and/or good credit profiles?”*

- *Borrowers with good credit profiles show patterns of responsible behavior, making them less risky; the lower risk enables lenders to charge a lower rate.*

Transition to Practice, SLIDE 21



Practice: My Credit Score Journey

Notes to the Facilitator:

Participants will be building their own credit score through a journey to meet the goal of having a qualifying credit score to rent their first apartment. Note the following when having participants calculate their credit score:

- Everyone starts with a score of 638.
- Based on the letter of the answer selected, participants will either add or subtract the corresponding point value and continue to add or subtract to the cumulative total.
- A credit score of 670 is needed at the end to qualify to rent the apartment.
- It may be helpful to give an example. **NOTE:** Actual credit scores are not calculated in this manner.
 - Start with 400, add 30 which gives a total of 430.
 - Subtract 15 from the previous total and you get 415.
 - Add 30 to the previous total and you get a total score of 445.



Facilitation: **Practice: My Credit Score Journey**
12 minutes (Slide 21-22)

Have participants access the **My Credit Score Journey Worksheet** from the Teen Guide and introduce the application task.

- “It’s your turn to take a journey to see how the way you manage your credit and the decisions you are likely to make translate to a credit score. Your goal is to rent your first apartment, and you’re starting with a credit score of **638**. Take a couple of minutes to go through each “stop,” think about what you would do, and answer the detour question.

(Provide participants with 7 minutes of work time, answering questions as needed.) ADVANCE TO SLIDE 22

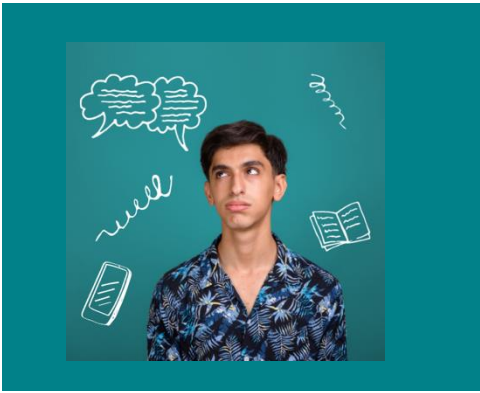
Call the group to attention. Present participants with the answer key below to calculate their credit score based on their answer choices.

- “Let’s see if you can make it to your goal. Starting with **638** points, either add or subtract points according to your answers. You will need **670** points to meet the goal. When you have your final credit score, answer the last question.

<i>At each stop if you choose:</i>	
<i>A</i>	<i>+ 30</i>
<i>B</i>	<i>- 15</i>
<i>C</i>	<i>- 30</i>

(If time allows, call on participants to share their answers.)

Transition by calling the group to attention for the Wrap-Up, SLIDE 23



WRAP-UP: Discuss Overall Session

Notes to the Facilitator:

These questions are designed to be reflective of the overall session and to review the main concepts and skills presented. While there are responses that are generally stronger than others, it is important to validate the participants by using neutral language to avoid value judgements that may impact participants.

Use the answer suggestions below if needed:

- *Paying your bills on time and limiting the amount of credit you use can show responsible use of credit.*
- *Late and missing payments make the largest negative impact on your credit score.*
- *Having no credit history makes it difficult for lenders to determine how responsible you are at managing your credit. This will result in higher interest, deposits, and/or premiums.*

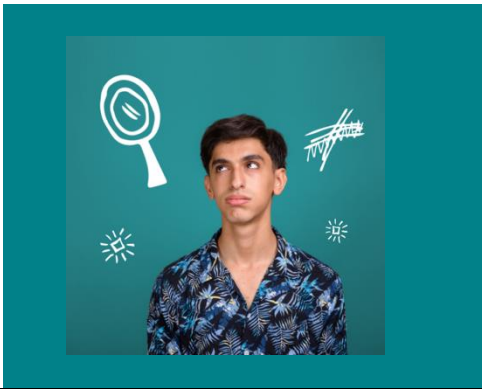


Facilitation: **Discuss: Overall Session**
4 minutes (Slides 23-24)

Advance from SLIDE 23 to SLIDE 24. After participants have completed their **My Credit Score Journey Worksheet** come back together as a whole group to discuss and reflect. Ask participants the following questions:

- *“We’ve done some good work together today. It is important to know that your credit score is not calculated exactly like the way we worked it out on your **Credit Score Journey Worksheet**; this was just an example to help you understand credit scores. There are behaviors that can help or harm your credit score, and it’s important to be mindful of how you’re showing that you can be responsible with your debt. Let’s take a minute to reflect together on the work we did:*
 - *Based on the credit score exercises, which actions do you think would lead to better credit? Why?*
 - *Which actions do you think would lead to lower credit scores/worse credit? Why?*
 - *After going through this process, what actions do you plan to take in your own life to build good credit?”*

Transition to the Post-Session Self-Reflection & Evaluation, SLIDE 25



Post-Session Self-Reflection & Evaluation

Notes to the Facilitator:

Participants will complete the rest of the Pre/Post Self-Reflection Form by answering the same question posed in the beginning of the session. If participants ask why they are answering the same question, prompt them by asking if there are any new understandings or perspectives they could add to their original response.

After completing the Self-Reflection, participants should complete the Session Evaluation Survey found in their Teen Guide, or follow the link provided to complete it online. Remember to collect any surveys completed in-person.

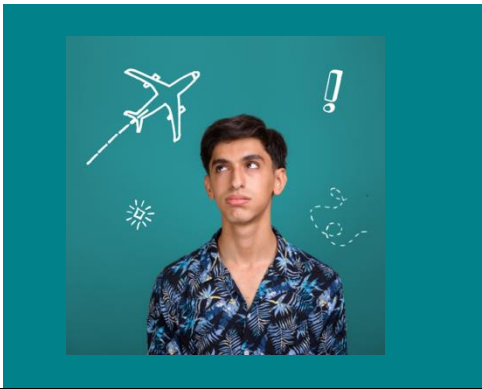


Facilitation: **Post Session Self-Reflection & Evaluation**
3 minutes (Slide 25)

Have participants access their **Pre/Post Self-Reflection Form**.

- “Before we end our time together, I want you to go back to the very first question you asked yourself: **What affects my credit score and how does my credit score affect my ability to reach my future goals?** Take a moment to think about how you would respond to this question with the information and activities from this session. You can write a sentence or two to respond to this question.
- When you are finished, please go to the Session Evaluation Survey in your Teen Guide, or use the evaluation link provided, to complete a very brief survey on your experience with this session.”

Collect any hard-copies of the completed survey. Transition to Close, SLIDE 26



Close

Notes to the Facilitator:

This part of the session provides closure to participants' learning experience. It gives a last opportunity to connect the participants to the content through a personal reason or anecdote from the facilitator related to realizing the impact of credit history and/or how building good credit can influence reaching your personal goals. This example will help participants understand the practical application of the session.



Facilitation: **Close**
1 minute (Slide 26)

Thank participants for their time, attention, and engagement.

Single Session Closing:

- *“Before we end, I want to thank you for your time today. Being here to talk with you about how your credit history effects your credit score is important to me because... [offer a personal reason here, e.g., ‘I wish I’d had this information when I was your age,’ or ‘managing credit has really helped me in my life to reach my goals,’ or ‘I hope you can avoid some of the pitfalls I’ve had.’]”*
- *I appreciated the way we worked together to analyze the ways a credit score can impact the cost of a car loan, and how you practiced financial decision-making based on building good credit. So once again, thank you.”*

Alternate Closing, if coming back for additional sessions:

- *“Before we end, I want to thank you for your time today. Being here to talk with you about how your credit history affects your credit score is important to me because ... [offer a personal reason here, e.g., ‘I wish I’d had this information when I was your age,’ or ‘managing credit has really helped me in my life to reach my goals,’ or ‘I hope you can avoid some of the pitfalls I’ve had.’]”*
- *I appreciated the way we worked together to analyze the ways a credit score can impact the cost of a car loan, and how you practiced financial decision-making based on building good credit. I look forward to seeing you again to talk about the importance of reaching your goals. So once again, thank you.”*

VI: VIDEO SCRIPTS (1&2)

Credit History: Video 1 Talking Points

- Video 1 begins with Cameron, Eddie, and Maya doing homework after school in the library.
- Cameron is working on a math assignment and is struggling with one of the problems. He asks Eddie and Maya for help. The math problem is:
 - A family wants to buy a house that costs \$500,000. They plan to make a \$100,000 down payment. If the interest rate for a 15-year loan is 2.5% and the rate for a 30-year loan is 3.5%...
- Eddie interrupts Cameron, saying he is not the correct person to ask for help. Maya follows, saying she doesn't know how to get the answer either.
- Maya does add, though, that her cousin is having trouble buying a house right now. According to Maya, her cousin can't get a loan because she has a bad credit history and apparently never paid off a previous loan.
- Eddie chimes in and asks, what's a bad credit history?
- Maya answers that it has to do with a credit score. Having a certain credit score makes your credit "good" and too low of a credit score is bad. Maya adds that she knows her cousin missed a lot of credit card payments and "maxed out" her credit cards by spending as much as she could. She seemed to have forgotten that when you're using a credit card, the money you're using to purchase things isn't yours and you have to pay it all back, with interest.
- This is part of the reason Maya's cousin has credit issues and can't get a loan now.
- Cameron notes that his older brother is going through something similar—he's trying to buy a car and his credit is messed up due to some late payments. He can only get a car loan with a super high interest rate.
- Becoming nervous that they will also have bad credit, Eddie and Cameron question whether they'll ever have credit cards. Maya notes that it is important to have credit, and that building up good credit is like proving you are financially responsible. Without a credit history it can be hard to get a loan for things like a car or a house.
- But building up a GOOD credit history, not a BAD credit history is important. Only a good credit score will help you.
- The video closes with two key questions from Eddie and Cameron:
 - What affects my credit score?
 - How does my credit score affect my future goals?

- **Credit History: Video 2 Talking Points**

- This video starts by describing a credit score, and how it is similar to a report card, giving you a specific grade for how you manage money and debt throughout your life.
- Some facts about your credit score:
 - Your credit score is a number that ranges between 300 and 850. A higher score signals to lenders that you are creditworthy, and a lower score indicates to lenders that you are a risky lender and less likely to repay loans in a timely manner.
 - A credit score is categorized as: poor, fair, good, very good and exceptional.
 - This score will follow you throughout your life, and it can change over time (sometimes increasing/getting better, sometimes decreasing/getting worse) depending on how responsible you are with your bills and use of credit.
 - Having the knowledge of how you can get and maintain a good credit score will help you on your journey to reaching your financial goals.

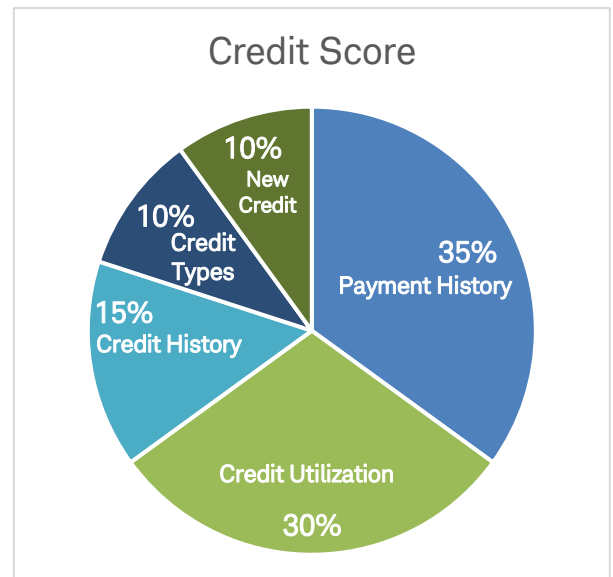
- The video goes on to describe the different components of a credit score in response to Eddie’s question: *what affects my credit score?*

- **Payment History:** Your payment history determines 35% of your credit score. This includes credit cards, loans, and retail accounts (such as a department store credit card). Lenders want to see a pattern of responsible borrowing to know how much risk they should take when deciding to give credit.

- **TAKEAWAY:** Make sure you pay your bills on time, and if you can, set up automatic payments on your accounts so you never miss a payment. If you are late on a payment, send it as soon as you can rather than waiting for the next bill. Late payments can cause a bad credit score for months or years to come (and cost you fees and interest charges!)

- **Credit Utilization:** Credit utilization—the total amount of credit you’re using across all your credit accounts—determines 30% of your credit score. Lenders look at how much of your total credit you have available for credit cards or loans when deciding whether to give credit. Continually using a large percentage of the credit you have available may indicate to lenders that you’re overly reliant on credit and at risk of not repaying your debt.

- **TAKEAWAY:** Make sure to consider your wants vs. needs and the opportunity cost of debt so you can use a minimal amount of the credit you’ve been granted.



- **Length of Credit History:** Credit history is 15% of your credit score. Generally speaking, the longer history you have of using credit, the better your score will be, as long as you pay your accounts on time. A longer credit history can show that a person can manage debt over time, making them less of a risk.
 - **TAKEAWAY:** Opening accounts, keeping them open and having a good repayment track record are responsible ways to build your credit score. Closing accounts can hurt your score, as it can shorten the length of time you've had accounts open. If you don't have any credit yet, you may need to establish banking relationships, use secured loans, or have a co-signer to start to build credit history.
- **Types of Credit:** The various types of credit you may use is 10% of your credit score. This can include a line of credit, such as a credit card, or loans, such as a car or home loan. Having a mix of credit types and paying them off responsibly is another way to show lenders that you can manage your debt well.
 - **TAKEAWAY:** Having a mix of credit types is good but having too many accounts can be harmful to your credit score. Make sure you only get the credit you need rather than piling up too many accounts over time.
- **New Credit:** Opening a new credit account is 10% of your credit score. This can help you build up your credit history and show lenders that you can be responsible with your debt, but moderation is key. Opening up too many accounts in a short period of time can make you look like a risky borrower. In addition, every time you open an account, an inquiry is made into your credit history. Too many inquiries can also make you look like a risky borrower.
 - **TAKEAWAY:** Before opening a new credit account, think carefully and research the terms and conditions to ensure you're able to manage this debt.
 - **SIDE NOTE:** Individuals can check their own credit history for free. This doesn't hurt your credit score in any way. By checking your credit history regularly, you can be aware of how lenders perceive you and protect yourself from fraud.
- The video closes by saying the decisions we make about how we use credit, and how well we manage it, can make a huge difference in how lenders evaluate our ability to handle debt. A solid credit score can help provide opportunities toward financial freedom and put your short-, medium, and long-term goals within reach.