



Moneywise
America™



RESPONSIBLE CREDIT

*Your guide to teaching
how to use credit wisely
to help achieve a goal.*

*Facilitator
guide*



charles
SCHWAB

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, *Responsible Credit: Using Credit Wisely to Help Achieve a Goal*, is the third 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.

The *Responsible Credit: Using Credit Wisely to Help Achieve a Goal* 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 the *Responsible Credit: Using Credit Wisely to Help Achieve a Goal* 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 *RESPONSIBLE CREDIT: USING CREDIT WISELY TO HELP ACHIEVE A GOAL* 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
 - Cameron’s Opportunity Cost of Credit Worksheet
 - My Opportunity Cost of Credit 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



Responsible Credit: Your guide to teaching how to use credit wisely to help achieve a goal.

Session Overview

The purpose of this session is to build participants' knowledge of the types of credit that are used and to present them with a framework to help manage their use of credit. This session introduces the opportunity cost of debt and examines the cost of a purchase by using credit vs. cash, along with other variables that can impact the use and management of credit such as interest rates and repayment periods.

This session includes two videos, the first of which introduces the concept of opportunity cost by following our teen characters Maya and Cameron to college. Maya seeks advice from Cameron about getting a loan to pay for band expenses and he goes through the pros, cons, and opportunity cost of each possibility. How does this impact her ability to reach her goals?

The second video illustrates opportunity cost by comparing the financial impact of a purchase made with cash vs. using credit. Participants will follow the journey of the credit transaction to the monthly statement including the balance, payments, interest, and fees. When do you have to pay interest? What happens when payments are late, and how long do you have to pay your balance? How do these costs impact saving for goals?

Take Away:

As a result of taking this session, participants should understand the opportunity cost of debt by examining the total cost of purchasing under various scenarios, and know how to use credit wisely (purpose, repayment, when to stop using). Being aware of the cost of purchases using credit vs. cash can help participants make informed choices to save for short-, medium-, and long-term goals.

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

- Responsible Credit: Video 1 5 minutes
- Discuss 2 minutes

Explore

- Responsible Credit: Video 2 9 minutes
- Discuss 2 minutes
- Practice and Review: Cameron's Opportunity Cost of Credit Worksheet 10 minutes
- Practice: My Opportunity Cost of Credit Worksheet 11 minutes

Wrap-Up

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

Total:
60 minutes

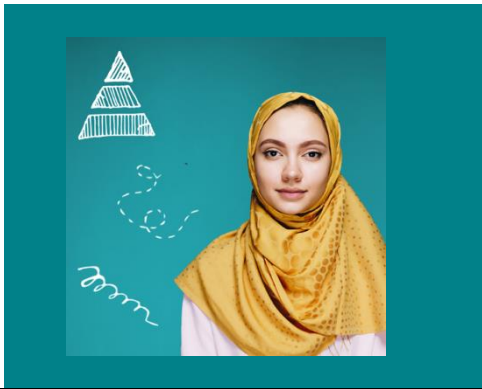
Materials Needed

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
 - Cameron's Opportunity Cost of Credit Worksheet
 - My Opportunity Cost of Credit 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)

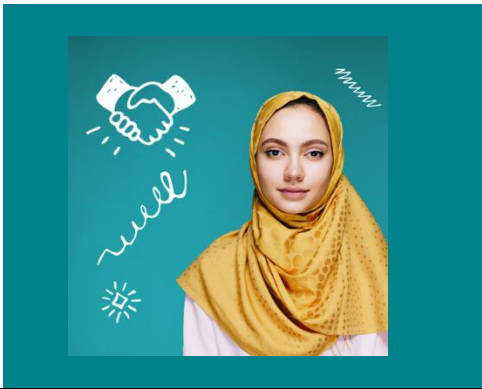
Greet participants by introducing yourself. Take 5 minutes to guide participants through “Thumbs Up or Down.” Provide participants the following directions:

- *“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 using credit and the cost of debt. **(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 consider the pros and cons each time I spend money. **(SLIDE 4)***
- *I understand how credit works. **(SLIDE 5)***
- *I’ve used credit or borrowed money to pay for something. **(SLIDE 6)***
- *I know how interest works. **(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 is the opportunity cost of using debt and how does it impact my ability to reach my personal 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)

Explain learning objectives to participants:

- *“Today during our session, you will be able to:*
 - *Know the opportunity cost of debt*
 - *Know the guidelines for using credit wisely (purpose, repayment, when to stop using)*
 - *Be able to examine a credit card statement and identify the interest rate and fees charged*
 - *Be able to compare the overall cost of purchases using credit vs. cash*
 - *Be able to explain the total cost of borrowing under various scenarios, such as higher/lower interest rates, or longer/shorter repayment periods.”*

Transition to show Responsible Credit: Video 1, SLIDE 12



ENGAGE: **Responsible Credit: 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 Maya, now in college, anxiously receiving texts from her band asking her to make a decision that has financial implications. She calls Cameron for advice, and he helps her think through her options and their costs.

The premise of this video is to get participants thinking about the opportunity cost of debt, and how borrowing money comes with costs and tradeoffs.

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

- *Option A will cost the most*
- *Options B and C are better from a financial standpoint*
- *Option B gives the band a faster recording at lower quality*
- *Option C gives the band a better recording with a longer wait of 3 more months than Option B*



Facilitation: **Engage: Video 1**
7 minutes (Slides 12-14)

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

- *“Today we are going to visit Maya while she’s in college and Cameron, who she calls to help her navigate a financial fork in the road with her band. Maya and her band want to professionally record a song, but don’t currently have enough cash to do so. While Maya has different options to pay for a professional recording, each has a very different cost. Let’s find out the advice that Cameron gives Maya.”*

(ADVANCE TO SLIDE 13, play Responsible Credit: Video 1)

After the video plays, **ADVANCE TO SLIDE 14**. Ask the participants the following questions, calling on one or two participants for answers:

- *“If you were Maya, would you choose option A, B, or C? Why?”*

Transition to Responsible Credit: Video 2, SLIDE 15



EXPLORE: *Responsible Credit: Video 2*

Notes to the Facilitator:

This video is designed to elaborate on the cost of credit through the frame of opportunity costs. Below are the key takeaways from the video:

- *There is always an opportunity cost in decision-making; you will give something up in order to get something else.*
- *Emotions often drive spending; instant gratification, FOMO (fear of missing out), or social pressure can have financial costs if it causes you to take on debt.*
- *While using credit may be convenient, it will cost you more unless you pay off the debt in full when you receive the bill; if not, using cash can save a great deal of interest over the long run.*
- *Setting financial goals and saving for them can help eliminate the need to use credit and incur interest charges.*

After the video, give participants the opportunity to ask any questions they may have about the concepts that were presented. Although it can be uncomfortable, make sure to give the appropriate amount of wait time to participants so they may think of their questions. Then, move on to the next part of the session.



Facilitation: Explore: Video 2
11 minutes (Slides 15-17)

Introduce the informational video to participants:

- *“Now we’re going to dig deeper into what it means to consider opportunity costs, and the cost of taking on debt. As you watch the video, try to keep in mind what you get and what you give up when you decide between two options, especially financial ones.”*

(ADVANCE TO SLIDE 16, play Responsible Credit: Video 2)

After showing the video, solicit questions from participants and provide clarifying answers to check for understanding. **(ADVANCE TO SLIDE 17)**

Transition to Practice, SLIDE 18



Practice: Cameron's Opportunity Cost of Credit

Notes to the Facilitator:

In this activity, participants analyze the potential cost of a car loan related to the amount and length of financing. They will select the best option and be presented with the actual costs over time. Note the following for discussion:

Option A: Most cost-effective choice. Cameron pays the least amount of interest and only carries the debt for 3 years. The opportunity cost is driving a used car but having more money for other goals sooner than the other options.

Option B: High monthly payment makes it difficult to save money for other needs or goals, although the overall cost of this loan is less than Option C. The opportunity cost is less money to cover other goals and needs but driving a *new car.

Option C: Monthly payment seems more reasonable than Option B, however, has the highest cost over time. The opportunity cost is less money to cover other goals and needs but driving a *new car.

Option D: This is the lowest cost over time for a new car. The opportunity cost is the time (+3 years) it takes to save the additional \$14K to pay the total in cash.

*Car values depreciate over time, 20%–30% after year 1, up to 60% after year 5.



Facilitation: Practice: Cameron's Opportunity Cost of Credit

10 minutes (Slide 18-19)

Have participants access the **Cameron's Opportunity Cost of Credit Worksheet** from the Teen Guide and introduce the activity. Review the four options with the group (without doing calculations). Then, have participants select which option they think is best (**PART A**). For **PART B**, show them the actual costs.

- “Cameron wants to buy a car after college. He’s saved \$6,000 for a down payment but needs a loan for the rest. He’ll get a 5.5% interest rate for a used car loan (Option A) or a 5% interest rate for a new car loan (Options B & C). Or he could wait until he has enough to buy a car without a loan (Option D). Think carefully about the length and amount of the loan for **PART A**.”
(Give participants 3-4 minutes to complete the questions. Next, reveal the actual costs. **ADVANCE TO SLIDE 19**)
- “Here are the costs of each option. Think about the cost of each loan (interest), and the length of payoff time. How does this impact other future goals? Now complete **PART B**.”
(Give participants 3-4 minutes to complete Part B.)

| | Monthly Payment | Original Loan Amount | Total Interest | Total Overall Cost (+ down payment) |
|-----------------|-----------------------------|-----------------------------|----------------|-------------------------------------|
| <i>Option A</i> | 36 months @ \$120.78 | \$4,000 | \$348.21 | \$10,348.21 |
| <i>Option B</i> | 60 months @ \$264.20 | \$14,000 | \$1,851.84 | \$21,854.84 |
| <i>Option C</i> | 72 months @ \$225.47 | \$14,000 | \$2,233.77 | \$22,233.77 |
| <i>Option D</i> | None (saved & paid in cash) | None (saved & paid in cash) | None | \$20,000.00 |

Transition to Practice, SLIDE 20



Practice: My Opportunity Cost of Credit

Notes to the Facilitator:

Participants will be working with a real-world example to apply the opportunity cost of credit. Keep the following points in mind as participants discuss their choices:

Option A: This option costs the most overall but provides the newest technology and latest features. It also takes the longest amount of time to pay off, meaning there will be less money to set aside for other needs or goals.

Option B: This costs the most upfront, but you pay less in interest fees for less time than Option A. The trade-off is the convenience of not having a cracked screen by paying less, but still not having the latest technology.

Option C: This is the most cost-effective choice, potentially saving between \$216-\$880. The trade-off is the inconvenience of using a cracked screen. Additionally, the phone could incur more damage and could be difficult to use.



Facilitation: **Practice: My Opportunity Cost of Credit**
11 minutes (Slide 20-21)

Have participants access the **My Opportunity Cost of Credit Worksheet** from the Teen Guide and introduce the application task.

- “It’s your turn to think about opportunity cost. You crack your phone screen and have multiple options for how to proceed. Carefully review the three options provided and think about the opportunity cost of each. Some of the costs are financial, some involve time, and some involve having/not having money for other things. Fill out the table in **PART A** to review the opportunity cost or trade-offs for each choice. Then, move to **PART B** and decide which choice is best for you. We’ll review after you’ve made your decision.”

(Provide participants with 8 minutes of work time, answering questions as needed.) **ADVANCE TO SLIDE 21**

- Bring the group back together to discuss the following questions:
 - “Which option did you choose for your cell phone?”
 - What were the opportunity costs of your decision?”
 - How could you have prepared for these types of expenses?”

Transition by calling the group to attention for the Wrap-Up, **SLIDE 22**



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:

- *Taking on debt usually comes with increased expenses from interest and other charges. When making decisions, you should consider these costs.*
- *Each time you make a purchase decision, you should consider the trade-offs associated with the decision.*
- *Use credit carefully, repay debt responsibly and strive to take on debt only when it's absolutely necessary so you can minimize costs.*

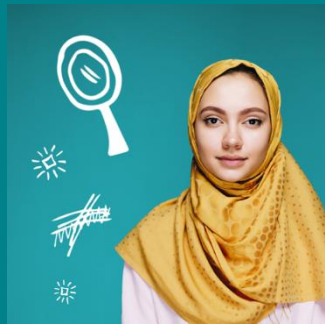


Facilitation: **Discuss: Overall Session**
3 minutes (Slide 22-23)

Advance from SLIDE 22 to SLIDE 23. After participants have completed their **My Opportunity Cost of Credit 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. Before we finish up, I have a couple of last questions for you related to the session overall:*
 - *How does the cost of credit affect your decisions?*
 - *Why is considering opportunity cost important in decision making?*
 - *How can you be responsible with credit?”*

Transition to the Post-Session Self-Reflection & Evaluation, SLIDE 24



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**
4 minutes (Slide 24)

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 is the opportunity cost of using debt and how does it impact my ability to reach my personal 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 25



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 early experiences when weighing the opportunity cost of using credit vs cash to make purchases. This example will help participants understand the practical application of the session.



Facilitation: **Close**
1 minute (Slide 25)

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 the opportunity cost of using credit 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 ‘understanding opportunity costs 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 opportunity cost of Cameron’s options to purchase a car and how you went through the process with the example of replacing a phone. 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 the opportunity cost of using credit 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 ‘budgeting 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 opportunity cost of Cameron’s options to purchase a car and how you went through the process with the example of replacing a phone. I look forward to seeing you again to discuss what credit history is and explain what a credit score is. So once again, thank you.”*

VI: VIDEO SCRIPTS (1&2)

Responsible Credit: Video 1 Talking Points

- The video opens with Maya calling Cameron for advice on whether she should take out a loan. Maya is in a band, and they want to record a song professionally so they can get more gigs. To record a song, the band would need to book a studio, hire a sound engineer and get music software.
- Maya tells Cameron that everything total would be about \$1,200 minimum. And while she and her bandmates have been saving up, they don't have it all yet.
- Cameron asks Maya how she plans to pay for the studio if her band doesn't have the cash, and Maya explains a few options:
 - Option A: Pay to record the song immediately and charge everything to her credit card. Since the band doesn't have all the money to pay it off at the end of the month, Maya will be in credit card debt and have to pay interest, so recording the song would cost more in the long run. But, they'd hopefully get more gigs by recording the song immediately.
 - Option B: Continue to save for about 3 months. By then, they'd have enough money to record the song in a cheaper way—doing less studio time, using old software, and doing everything themselves instead of hiring a sound engineer. This option would leave them with no debt, but they'd have to wait 3 months and the song might not be as good.
 - Option C: Keep saving for 6 months and pay for the high-quality recording option, with no debt. The downside is they'll have to wait, and could miss out on getting more shows in the meantime.
- Cameron then explains to Maya that she is dealing with opportunity cost, which is what you give up when you choose one opportunity over another. It's like weighing the pros and cons of different options. Sometimes opportunity cost is financial, but other times it's something else such as your time or the quality of the end result.
 - For example, in Option A, the opportunity cost is financial. If Maya chooses this option, she won't have to wait to record, but she'll have credit card debt, which will cost her more in the long run.
- To help Maya come to a decision, Cameron asks her a few questions:
 - What will happen if you wait to record the song? *Maya's answer: That will cost us time and the potential to get more gigs.*
 - How much will each option cost you? *Maya's answer: Option B is the cheapest, but the song itself will be lower quality, which may also impact our ability to get shows. Option A and C cost the same amount of money up front, but for Option A I'd have credit card debt with interest, which would ultimately make Option A the most expensive. And, depending on how long it took us to pay back the debt, it could get more and more expensive over time.*

- Cameron notes that the opportunity cost of the debt that Maya would acquire in Option A is that she could have used that money for something else, like new equipment for the band.
- Cameron prompts another couple questions:
 - If you go into debt with Option A, how will you and the band repay it? *Maya's answer: I guess instead of continuing to save for recording the song we'd now be saving every month to pay back the debt. So, we'd have the song but our costs would be higher, due to credit card interest.*
 - What if a few people in the band can't pay the money back? *Maya's answer: that's a good point. I'd just assumed we would all pay it back evenly, but I can't count on that. Plus, if I use a credit card for other things that will make paying off the remaining balance even more confusing.*
- The video closes by Cameron encouraging Maya to speak with her band about the options, and notes that when it's time to make a decision, she should consider what she wants, what she needs, the time it will take and how much it costs. In other words, Maya should look at the pros and cons of each choice, and weigh the opportunity costs.

Responsible Credit: Video 2 Talking Points

- Video 2 starts by explaining that financial implications come with making decisions, and that when making decisions, it is important to weigh the opportunity costs, i.e., what you give up when you make one decision over another.
- When we make decisions, we choose one option over the other and hope that our choice leads to opportunity, but sometimes a choice can lead to a negative consequence instead. When it comes to making financial decisions, it can be even harder because emotions and outside influences often steer us in the opposite direction of what is "financially smart."
- The question becomes, what will I gain from this option, and what will I have to give up for it? Am I prepared to miss out on one thing now for something that may be better for me either now or in the long run?
- With financial decisions, opportunity cost relates to what you give up when you make a choice. For example, if you order something online you may get it sooner, but you'll have to pay shipping costs. For airline tickets, you can often save money by departing on a very early or very late flight, or you can pay more to leave at a more convenient time.
- When exploring financial decisions such as purchasing a new cellphone, there are usually three options:
 - Paying with cash in full, immediately
 - If you don't have the cash on-hand, waiting until you save enough
 - Using a credit card to make the purchase while incurring the extra costs of interest payments
- The video then goes on to explore the opportunity costs of buying a tablet for \$1,000, tax included.
 - **The opportunity cost of going to the store and paying with cash:** you saved up for the past year to make the purchase; the total cost is \$1,000 and you leave the store debt free. You had to give up the time it took to save for the tablet, but by paying cash you avoided the interest and fees of paying with a credit card, saving money in the long run.
 - **The opportunity cost of paying with credit:** you don't have enough savings to pay for the tablet in cash but have access to a credit card, and you decide it's worth it to make the purchase now and pay for it over time by paying the minimum each month when your credit card bill is due.
 - You will be charged 18% interest on the \$1,000 purchase each month (about \$15)
 - Your credit card company requires a minimum payment of \$20.30 each month, so your monthly bill will be the minimum payment to your card (\$20.30)
 - You feel like you got a good deal because you purchased the tablet right away and only have to pay about \$20/month (as long as you don't make any additional charges to your credit card)
- The video then looks further into the opportunity cost of each option.

- To purchase the tablet in cash, you should have committed to saving around \$85/month for an entire year, which wasn't always easy. You likely had to give up some of your other wants like going out and buying clothes. But by making a plan, you were able to avoid debt and feel the sacrifice was worth it.
- If you instead charge the tablet to a credit card, you can use it right away and pay the \$20 minimum payment each month until the tablet is paid off. But, since your credit card limit is \$1,000, you won't be able to purchase anything else on your card, and the tablet will take 10 months to pay off. It will also cost \$1,862–\$862 more than it would have cost if you paid cash.
 - The opportunity cost of this credit card debt is all the things you won't be able to buy because that money is going to the credit card company in interest charges. And because you maxed out your card, you won't be able to use the card should an emergency arise you can't cover with savings.
- To recap the opportunity cost of each decision: when you pay in cash you give up having the tablet right away, but it's debt free. For purchasing with a credit card, you have to look at the long-term implications. With credit, you pay a steep price over a long period of time for the convenience of making the purchase right away.
- The video closes with a reminder that any time you borrow money, the money isn't yours. Eventually you'll have to pay back what you borrow plus interest, making it a more expensive way of getting the things you need or want.