

# Angela builds her credit

Students experience an interactive adventure, read a handout, and answer questions about how to build good credit.

## Learning goals

### Big idea

Building good credit has a positive effect on your life and career.

### Essential questions

- How can I start to build good credit?
- How do the spending decisions I make affect my credit?

### Objectives

- Recognize what factors are used to calculate credit scores
- Understand how to build good credit

### What students will do




- Complete an online, interactive adventure independently or as a group.
- Read a handout about credit scores.
- Answer questions about how to build good credit.

### NOTE

Please remember to consider your students' accommodations and special needs to ensure that all students are able to participate in a meaningful way.

#### KEY INFORMATION

Building block:

-  Executive function
-  Financial habits and norms
-  Financial knowledge and decision-making skills

Grade level: High school (11-12)

Age range: 16-19

Topic: Spend (Budgeting, Buying things), Borrow (Getting loans, Managing credit)

School subject: JROTC/ROTC (Servicemembers)

Teaching strategy: Blended learning, Cooperative learning, Personalized instruction

Bloom's Taxonomy level: Remember, Understand, Apply

Activity duration: 75-90 minutes

#### National Standards for Personal Financial Education, 2021

Spending: 8-1, 8-4, 12-1, 12-9

Managing credit: 8-1, 8-5, 8-7, 12-2, 12-7, 12-8, 12-9, 12-10, 12-12

These standards are cumulative, and topics are not repeated in each grade level. This activity may include information students need to understand before exploring this topic in more detail.

## ABOUT

# Misadventures in MONEY MANAGEMENT

PRESENTED BY THE CONSUMER FINANCIAL PROTECTION BUREAU

Misadventures in Money Management (MiMM) educates, advises, and trains future and current servicemembers and their families on critical financial decisions and consumer rights. The program is available for use by all of the U.S. Armed Forces. MiMM follows the stories of seven servicemembers, each covering a different financial topic:

- Angela - Debit, credit & credit scores
- Cruz - Car buying tactics
- Dirk - Smart spending
- James - Impulse purchases
- Miya - Budgeting, saving & investing
- Sonya - Emergency relief & researching
- Xavier - Debt advice & student loans

MiMM focuses on some of the unique problems and solutions that servicemembers experience.

## Preparing for this activity

- While it's not necessary, completing the "Reading about credit scores" activity or the "Describing credit scores" activity first may make this one more meaningful.
- Print copies of all student materials for each student, or prepare for students to access them electronically.
- Become familiar with the Misadventures in Money Management (MiMM) online graphic novel at <https://mimm.gov/>.
- Review Angela's MiMM adventure, "Debit, credit & credit scores." If time permits, it may be helpful for you to complete her adventure on your own before class.
  - Note that while Angela's adventure covers different scenarios, this activity mainly focuses on the scenario where she's trying to build her credit.
- Decide if you want students to complete Angela's MiMM adventure as a whole class, in small groups, or individually.
  - If you choose to complete the adventure as a whole class, obtain a computer with Internet access, a projector or smartboard, and speakers.

## TIP

If your students have access to computers or tablets with Internet access, they can also complete the adventure as homework. Direct them to <https://mimm.gov/>, where they can complete the entire program, get a certificate of completion, and email their unique certificate to you or print it out. Students can only get a certificate for completing the entire program, not when they finish each character's story.

- If you choose for students to complete the adventure in small groups or individually, provide them with computers or tablets with Internet access and with headphones to manage the noise.

## What you'll need

### THIS TEACHER GUIDE

- **Angela builds her credit** (guide)  
[cfpb\\_building\\_block\\_activities\\_MiMM\\_angela-builds-her-credit\\_guide.pdf](#)
- A computer with Internet access, a projector or smartboard, and speakers (if you choose to complete the online portion as a whole class)

### STUDENT MATERIALS

- **Angela builds her credit** (worksheet)  
[cfpb\\_building\\_block\\_activities\\_MiMM\\_angela-builds-her-credit\\_worksheet.pdf](#)
- **Understand your credit score** (handout)  
[cfpb\\_building\\_block\\_activities\\_understand-your-credit-score\\_handout.pdf](#)
- Computers or tablets with Internet access and headphones (if you choose for students to complete the online portion in small groups or individually)

## Exploring key financial concepts

Building good credit can have a positive effect on your life and career. Many lenders use credit scores, which are calculated using the information in your credit report, when they decide whether to lend you money and how much interest to charge. It is important to know that you don't have just "one" credit score and that there are many credit scores available to you as well as to lenders. Factors that make up a typical credit score include:

- The number and type of loan accounts you have
- Whether you make your payments on time
- Your current unpaid debt

Lenders use credit scores when they're deciding whether to offer you a mortgage, credit card, auto loan, or other credit product. High credit scores can give you financial flexibility, better insurance rates, and lower interest rates on loans. Your credit score may be used when you're applying to rent an apartment. Future

### TIP

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Because credit products, terms, and laws change, students should be encouraged to always look for the most up-to-date information.

employers may also consider it when you're looking for a job, and it can even be a factor in security clearances in the military. It can take years to build up a high credit score, so it can be a good idea to review your credit report now and start planning your path to good credit. You can check your report for free by visiting [AnnualCreditReport.com](https://AnnualCreditReport.com).

## Teaching this activity

### Whole-class introduction

- Introduce the Misadventures in Money Management (MiMM) program if students aren't familiar with it.
  - MiMM is an online graphic novel in which students make decisions for the characters as they move through the story. CFPB created the program to educate, advise, and train current and future servicemembers on critical financial decisions.
  - The program focuses on some of the unique problems and solutions that servicemembers experience.
- Explain to students that they'll explore the MiMM character of Angela.
  - Angela is about to go on active duty, and her parents have advised her to start building her credit by getting a personal credit card.
  - Angela is rejected when she tries to apply for a credit card and is frustrated by the idea that you need credit in order to get credit. She wonders what to do next.
- Ask students to share what they know about credit and credit cards.
- Read the "Exploring key financial concepts" section to students.
- Be sure students understand key vocabulary:
  - **Credit:** Borrowing money, or having the right to borrow money, to buy something. Usually it means you're using a credit card, but it might also mean that you got a loan.
  - **Credit card:** An open-ended loan that allows you to borrow money up to a certain limit and carry over an unpaid balance from month to month. There is no fixed time to repay the loan as long as you make the minimum payment due each month. You pay interest on any outstanding credit card loan balance.

#### **TIP**

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Visit CFPB's financial education glossary at [consumerfinance.gov/financial-education-glossary/](https://consumerfinance.gov/financial-education-glossary/).

- **Credit report:** A summary of your credit activity and current credit situation such as loan paying history and the status of your credit accounts. Lenders use these reports to help them decide if they will loan you money and what interest rates they will offer you. Other businesses might use your credit reports to determine whether to offer you insurance; rent a house or apartment to you; or provide you with cable TV, Internet, utility, or cell phone service. If you agree to let an employer look at your credit report, it may also be used to make employment decisions about you.
- **Credit score:** A number created from a scoring model that uses information from your credit history.
- **Debit card:** A card used to make purchases at businesses (like grocery stores and gas stations) with money in your checking account.
- **Debt:** Money you owe another person or a business.
- **Lender:** An organization or person that lends money with the expectation that it will be repaid, generally with interest.
- **Loan:** Money that needs to be repaid by the borrower, generally with interest.
- **Prepaid card:** A card on which you load money in advance to spend. While a prepaid card might look like a debit or credit card, there are differences. A debit card is linked to your checking account. When you use a credit card, you're borrowing money. A prepaid card is not linked to a checking account or credit union share draft account. In most cases, you can't spend more money than you have already loaded onto your prepaid card.
- **Secured credit card:** Credit card that typically requires a cash security deposit. The larger the security deposit, the higher the credit limit. Secured cards are often used to build credit history.

## Individual or group work

Completing the online, interactive adventure at <https://mimm.gov/>

- Click "Explore a topic" and then "Debit, credit & credit scores" to access Angela's adventure.
- Explain that while Angela's adventure covers different scenarios, this activity mainly focuses on the scenario where she's trying to build her credit.
- Students can complete Angela's adventure as a whole class, in small groups, or individually.

- If you choose to complete it as a whole class:
  - Use the decision points in Angela’s story to spark discussions and decide as a class what choice to make.
  - Help students build their understanding by clicking on the suggested resources and additional information that come up throughout the adventure.
- If students work in small groups or individually:
  - Move among the students to check on the decisions they’re making and what they’re learning from their choices.
  - Encourage students to pause at each decision point and reflect on what happened to Angela as a result of that choice.
  - Help students build their understanding by encouraging them to click on the suggested resources and additional information that come up throughout the adventure. The suggested resources help students gather additional information to complete each character’s final challenge.

### Completing the worksheet

- Distribute the “Angela builds her credit” worksheet and the “Understand your credit score” handout to each student.
- Students can work independently, in pairs, or in groups of three or four to complete the “Learning from Angela’s experience” section of the worksheet.
- Have students read the handout independently.
- Once they’ve finished reading, they can complete the “Digging deeper” section and the reflection questions on their own.

### Wrap-up

- Bring the class back together.
- Ask volunteers to share their answers to the “Learning from Angela’s experience” and “Digging deeper” sections of the worksheet.
  - Keep in mind that because students can choose their own path through the online adventure, each group or student could have a different experience.
  - Use their answers as a catalyst for a thoughtful discussion.
- Consider asking additional questions to extend the discussion. Possible questions include:
  - What risks should you be aware of if you get a small personal loan instead of a secured credit card from a bank?

Answers could include:

- There could be a lot of hidden fees.
- It could take a great deal of time to pay off the new personal loan.
- Do you think it was a good idea for Angela to repair her tire instead of spending more money to replace it?

Answers could include:

- Sometimes it's a good idea to repair something instead of quickly replacing it so that you have time to plan, comparison shop, and save money.
  - Angela would have paid for the new tire with her credit card without having a plan to pay off the debt in full. This means it would end up costing her more.
- If time allows, ask volunteers to share their answers to the reflection questions.

## Suggested next steps

Consider searching for other [CFPB activities](#) that address the topics of spending, including budgeting and buying things, or borrowing, including getting loans and managing credit. Suggested activities include "[Differentiating between secured and unsecured loans](#)", "[Qualifying for loans](#)", and "[Reflecting on needs versus wants](#)".

## Measuring student learning

Students' answers on their worksheets and during discussion can give you a sense of their understanding.

This answer guide provides possible answers for the "Angela builds her credit" worksheet. **Keep in mind that students' answers may vary.** The important thing is for students to have reasonable justification for their answers.

## Answer guide

### Learning from Angela's experience

1. What are some important things Angela learned about building good credit?

**Answers could include:**

- **Building good credit takes time.**
- **A good way to start building good credit is to make your payments on time and pay off your credit card every month.**
- **Don't carry a lot of debt or max out your credit card.**

2. Angela learns about secured credit cards. What are they and why might they be a good option for people who are just starting to build their credit?

**Answers could include:**

- **A secured credit card is a way to build credit with low risk to the issuer because you're required to make a deposit when you open the account. With a secured card, you're essentially borrowing money from yourself rather than a lender.**
- **Small personal loans are one way to build credit. However, it could take time for the loan to boost your credit score. You should also be wary of taking loans from unfamiliar companies.**

3. Part of building good credit is building good financial habits and norms. When could you use your credit card and when is your debit card more appropriate?

**Answers could include:**

- **For everyday purchases, when you know you have the money to pay for them in your checking account, using your debit card is a good idea.**
- **If you can pay the purchase off at the end of the month, you could use your credit card to make that purchase to build or improve your credit history.**
- **Payments made using a debit card do not show up on your credit report so they don't reflect a positive payment history that could build or improve your credit score.**

### Digging deeper

4. In the Angela story, Angela learns that trust is earned. How do lenders use credit scores to determine whether to let someone borrow money or use credit from their institution?

**Answers could include:**

**Banks, credit card companies, and other businesses use credit scores to estimate how likely you are to pay back money you borrow and to decide whether to make the loan and on what terms.**

5. Name two factors that affect your credit score.

**Answers could include:**

- **How many credit accounts you have**
- **How long you've had those accounts**
- **How close you are to your credit limit**
- **How much credit you have left**
- **How often your payments have been late**



6. What can a person do to increase their credit score?

Answers could include:

- Pay your bills on time, every time.
- Don't get close to your credit limit.
- A long credit history will help your score. Your score will improve the longer you manage your credit well, when you open different types of accounts, and when you pay back what you owe on time.
- Be careful closing accounts if it means that you're putting all or most of your credit card balances on one card. This could hurt your score if it means you're using a high percentage of your total credit limit.
- Only apply for credit you need. Too many inquiries may make it appear that your economic circumstances have changed for the worse.

Reflection questions

Answers may vary.