

Credit Smarts: Helping You Become Credit Savvy

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Presentation Preference: Either

1. Program Title: Credit Smarts: Helping You Become Credit Savvy
Family Economics

2. Issue and Situation:

The educational enrichment class, *Credit Smarts: Helping You Become Credit Savvy*, is targeted to high school students and young adults who are preparing to live by their own means and support a household upon graduation. According to the National Endowment for Financial Education (NEFE), more than 33% of high school students use a credit card.

High school students have the largest expendable income than any other age bracket. The implication of this fact is youth learn to spend money on extra items because they are not typically responsible for the basic amenities, such as house payment or food costs. The developed spending habits carry over to adulthood and they spend more money than necessary on discretionary items, hence encouraging the use of their credit card.

Youth may not receive the education needed to manage money because Family and Consumer Science classes are being removed from the high school curriculum. This program was designed to meet the need of financial education.

3. Stakeholders & Input:

The target market of the Credit Smart class is junior and senior high school students. Each high school Family and Consumer Science teacher was contacted and educated on the purpose of the class. The teacher inserted the class during the semester curriculum when students were learning about developing a budget. Each teacher provided input on how they would like the class to be tailored to meet the needs of their community.

Upon completion of the one and a half hour class, each teacher was provided the opportunity to comment and provide construction criticism to increase the value of the class for the students. Over the course of five class presentations, Credit Smarts has developed to meet the needs the youth are facing in their life and future. Some suggestions from the teachers included the addition of credit card loans, and the value of compound interest.

4. Program Description:

Credit Smarts was designed by Dr. Marsha Goetting to be used by Extension Agents to educate high school students about the benefits and dangers of credit card use in their family budget. The program was implemented and tailored to teach high school students about credit in a one and a half class period. Students are educated on the difficulty of paying a credit card company their debt plus the cost of the loan through interest.

The participants learn how to use a credit card slider to calculate the minimum payment and the length of the loan from the credit card company. They learn the value of money and understand that steady, even payments will reduce their debt and increase their saving capacity. The students realize that \$2000 is a lot of money to repay when they are shown that it will take 11 years to repay the debt if they are only making the minimum payments.

Through four real-life examples, each student uses the credit card slider to analyze if the cost of purchasing an impulse buy is really worth the interest they will pay in time. They are introduced to the idea of compound interest and learn that saving money outweighs the cost of spending money on credit card interest.

Upon completion of the class, students are provided with the credit card slider to show to their family.

5. Program Impact:

In 2007, the class was presented to over 125 high school students in five of the six communities in the county. All five of the classes were presented in the Life Skills class through the Family and Consumer Sciences program. Upon completion of the class, each participant completed a pre-post test to evaluate the effectiveness of the program. The following impacts are from the survey:

- **Impact:** 85% of students learned that steady, even payments will reduce debt and increase savings, an increase of 42% according to the pre-post test.
- **Impact:** 77% of students learned how compound interest affects both savings and credit, an increase of 50% according to the pre-post test.
- **Impact:** 83% of students learned the time value of money and understand the benefits of starting early with savings, an increase of 43% according to the pre-post test.
- **Impact:** 57% of plan to use the credit card calculator in future decisions.