

### Overview

In 2007, *Cards, Cars, and Currency* was written as a lesson plan to accompany the Fall 2006 issue of the *Inside the Vault* newsletter produced by the Federal Reserve Bank of St. Louis. The featured article in the newsletter was adapted from the paper *Consumer-Finance Myths and Other Obstacles to Financial Literacy*, written by St. Louis Fed senior economist William R. Emmons and published as a Federal Reserve Bank of St. Louis Supervisory Policy Analysis Working Paper 2005-03 in April 2005. The complete paper is available at [www.stls.frb.org/banking/SPA/WorkingPapers/SPA\\_2005\\_03.pdf](http://www.stls.frb.org/banking/SPA/WorkingPapers/SPA_2005_03.pdf) or from [www.stls.frb.org/banking/SPA/research.html](http://www.stls.frb.org/banking/SPA/research.html).

In response to the identified need for financial literacy, in 2008 the Federal Reserve Bank of St. Louis revised and expanded the content of the 2007 lesson plan to create an on line curriculum guide for use in high school personal finance classes. The new curriculum retained the same name as the original lesson plan: *Cards, Cars, and Currency*. As a result of new regulations introduced in 2010 regarding overdraft rules for debit and ATM cards and the Credit Card Act of 2009, which introduced new rules for credit card companies, *Cards, Cars and Currency* was revised.

The 2010 revised curriculum provides an integrated approach to learning and a basis for the real-world application of knowledge. The lessons incorporate activities designed to address higher-order thinking skills using real-world scenarios. With a focus on responsibility for personal financial decisions, students will be able to identify the bottom line of financial decision making: keeping their hard earned money.

All of the lessons are correlated with the national Personal Finance Standards and the National Standards in Economics. (See the Lesson Correlation section for more information.) The curriculum is divided into five lessons. A brief description of each lesson in the curriculum follows:

#### **Lesson 1: Keep the Currency**

Students participate in a discussion of the general features of a \$1 bill. They learn that although currency is valued, people often “throw currency away” as a result of poor financial decision-making and the lack of financial knowledge. Following the discussion, the students play a game in which they attempt to “keep the currency,” working in pairs to answer 20 true-or-false questions about credit cards, debit cards and purchasing a car. From this game, which serves as a pretest for subsequent lessons, the students learn that financial literacy is important in keeping currency.

#### **Lesson 2: The Credit Card Deal**

Students analyze the terms of credit cards and learn about using a credit card responsibly by completing a Credit Card Packet, which involves working in pairs to calculate the cost of credit by analyzing a disclosure statement and reviewing a record of purchases, a record of payments and credit card statements. After completing the Credit Card Packet, the class is divided into teams and given a real-world scenario to debate—the consumer vs. the credit card company. The students then conduct a survey as an out-of-class activity, gathering and interpreting data on credit card usage in their community. The students use an online calculator to determine the real cost of making just the minimum payment on credit card accounts.

### **Lesson 3: Banking on Debit Cards**

After discussing basic information about debit cards, students work in pairs to balance a bank account statement and calculate the costs of using a debit card irresponsibly. The students then conduct a survey as an out-of-class activity, collecting and interpreting data on debit-card usage in their area. The students analyze the advantages and disadvantages of using credit cards and debit cards.

### **Lesson 4: The Car Deal Package**

Using examples of three types of cars as a reference—an economy car, a moderately priced car and a luxury car—students learn about the decisions involved in purchasing a car. The students work in groups to compare different car deals, using three criteria: the income test, the down-payment option and the tie option. The students analyze the terms of a sample car contract and consider the effects of signing the contract without understanding the terms. The students use an online calculator to collect information for responsible decision-making.

### **Lesson 5: A Penny Saved**

Students read four scenarios involving take-home pay and fees that banks and credit-card companies charge, along with “what-if” alternatives for each scenario. Working in pairs, the students calculate the amount of currency that the characters in each scenario saved or lost as a result of their decision-making. The students play a second version of “Keep the Currency” from Lesson One. From this game, which serves as a post-test for the unit, the students learn that financial literacy is important in keeping currency—and that keeping (or saving) currency as a result of knowledge about finances can be the same as earning.