

Analyzing credit card statements

Students conduct online research to become familiar with reading and analyzing credit card statements.

Learning goals

Big idea

It's important to understand the information on a credit card statement.

Essential questions

- What's a credit card statement?
- What are some important parts of a credit card statement?

Objectives

- Identify a credit card statement
- Understand the information listed on a credit card statement

What students will do

- Visit [MyCreditUnion.gov](https://www.mycreditunion.gov) to learn how to read and understand a credit card statement.
- Test their knowledge by answering questions about a sample credit card statement.

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:



Grade level: Middle school (6-8)

Age range: 11-14

Topic: Borrow (Managing credit)

School subject: CTE (Career and technical education), English or language arts, Social studies or history

Teaching strategy: Cooperative learning, Direct instruction

Bloom's Taxonomy level: Understand, Apply

Activity duration: 45-60 minutes

National Standards for Personal Financial Education, 2021

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

Managing credit: 4-1, 4-2, 8-1, 8-2, 8-3, 8-4, 8-7, 12-1, 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.

Preparing for this activity

- While it's not necessary, completing the "Getting a credit card and using it wisely" 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 interactive credit card statement at <https://www.mycreditunion.gov/life-events/checking-credit-cards/credit-cards/statement>.
- Obtain computers or tablets with Internet access so pairs of students can conduct research.

What you'll need

THIS TEACHER GUIDE

- **Analyzing credit card statements (guide)**
cfpb_building_block_activities_analyzing-credit-card-statements_guide.pdf

STUDENT MATERIALS

- **Analyzing credit card statements (worksheet)**
cfpb_building_block_activities_analyzing-credit-card-statements_worksheet.pdf
- **Sample credit card statement (handout)**
cfpb_building_block_activities_sample-credit-card-statement_handout.pdf
- **Computers or tablets with Internet access**
- **Interactive credit card statement at** <https://www.mycreditunion.gov/life-events/checking-credit-cards/credit-cards/statement>

Exploring key financial concepts

A credit card gives a person access to financial credit – which means money that you borrow to buy something or pay for something and that you're responsible to repay in full (often with interest). Many Americans have a credit card. In fact, the average consumer may have several credit cards.

More and more people use their credit cards to make purchases both in person and online and as a way to track spending. People

TIP

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

also use their credit cards to pay bills and sometimes even to get cash. When choosing a credit card, it's helpful to shop around and find the card that works for you.

It's important to keep the card – and the credit card number – safe so that they can't be stolen. It's also important to read your credit card statements to make sure that all of the charges on the statement are ones that you made. Learning to use credit cards safely can help you manage and protect your money.

Teaching this activity

Whole-class introduction

- Ask students if they think they'll get a credit card when they become adults.
 - Follow up by asking students if they've ever seen or read a credit card statement. If any students say that they have read a credit card statement, ask them if it was easy or difficult to understand.
- Tell students that they'll learn how to read a credit card statement.
- Distribute the "Analyzing credit card statements" worksheet and the "Sample credit card statement" handout to students.
- Be sure students understand key vocabulary:
 - **APR (Annual Percentage Rate):** The cost of borrowing money on a yearly basis, expressed as a percentage rate.
 - **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 can pay the loan balance in full every month or carry it over.) You pay interest on any outstanding credit card loan balance.
 - **Credit limit:** This is a limit set by the credit card company on how much you can charge on the card it issued to you. You can use your credit card to make purchases up to your credit limit.
 - **Credit card statement:** A summary of how you've used your credit card for a billing period.
 - **Credit score:** A number created from a scoring model that uses information from your credit history.

TIP

Visit CFPB's financial education glossary at consumerfinance.gov/financial-education-glossary/.

- **Grace period:** The number of days you have to pay your bill in full before finance charges start. Without this period, you may have to pay interest from the date you use your card or when the purchase is posted to your account.
- **Terms and conditions:** An agreement that states the card’s requirements, such as how your interest rate can change and the late fees you may be charged if you do not pay on time.

Individual and group work

- Working in pairs, students will review the credit card terms and features on MyCreditUnion.gov’s interactive credit card statement at <https://www.mycreditunion.gov/life-events/checking-credit-cards/credit-cards/statement>.
- They’ll use the information from the interactive credit card statement to complete Section 1 of the worksheet.
- Next, working independently, students will use the “Sample credit card statement” handout to answer the questions in Section 2 of the worksheet.
- Students will then answer the reflection question.

Wrap-up

- Bring the class back together and discuss why it’s helpful to be able to read a credit card statement.
- Ask students to share their answers to the reflection question.

Suggested next steps

Consider searching for other CFPB activities that address the topic of borrowing, including managing credit. Suggested activities include “Managing credit card payments” and “Understanding minimum payments.”

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 “Analyzing credit card statements” worksheet.

Keep in mind that students’ answers may vary. The important thing is for students to have reasonable justification for their answer.

Answer guide

Section 1.

This table lists the description for each term or feature, but students' answers in the "Key information" column may vary.

Number	Credit card term or feature	Key information
1	Summary of account activity	A summary of your transactions.
2	Payment information	Total new balance, minimum payment due, and the due date.
3	Late payment warning	Identifies late fees and how the card's interest rate may change if your payment is late.
4	Minimum payment warning	How long it takes to pay off your credit card if you only pay the minimum amount, plus an estimate of how much you will pay.
5	Notice of changes to your interest rates	Section that tells you if your interest rate is changing.
6	Important changes to your account terms	Where your credit card company will let you know if it's going to raise interest rates or fees or make other major changes to your account.
7	Transactions	A list of activities that took place this billing period.
8	Transactions - Fees	A list of fees and interest charges on your bill.
9	Year-to-date totals	Total fees and charges you paid for the whole year.
10	Interest charge calculation	Summary of interest rates on different types of transactions.

Section 2.

1. The balance is \$1,392.71.
2. A minimum payment is the smallest amount due to the credit card company by the designated time (*students' answers may vary*). The minimum amount due is \$25.
3. The APR is a measure of the cost of credit, expressed as a yearly interest rate (*students' answers may vary*). The APR on purchases for this credit card is 19.80%.
4. No, Susan didn't pay it off. Her payment last month was \$350.42.
5. Susan hasn't taken a cash advance. The maximum she can take is \$2,000.
6. She hasn't gone over her spending limit. Her spending limit is \$12,000.
7. Susan should immediately call the lost or stolen card number shown on her credit card statement and report her card as stolen.