



**Activity Tips**  
**Adult Section – Unit 6**

**ACTIVITY**

**The ABC's of Credit**

**OVERVIEW**

In this activity, participants observe two young females who have graduated from college and are living on their own for the first time. Their experience in establishing and managing credit provides an opportunity for participants to look at their own personal situation and apply this information.

**OBJECTIVES**

Participants in this activity will:

- Understand the definition of credit.
- Recognize the impact of the 3 C's of Credit.
- Understand questions that can be used to manage credit.
- Understand the credit application process.
- Recognize the credit safeguards that protect credit rights.

**BEFORE**  
**THE ACTIVITY**

Because applying for credit for the first time can be intimidating, gather various sample resources to support the discussion (i.e. different types of credit applications dealing with bank cards, retail stores, etc.)

**DURING THE**  
**ACTIVITY**

- When introducing the concept of credit, place special emphasis on the “Three C's of Credit,” making sure everyone understands the definition of each “C”. Encourage participants to take a self-test of their “Three C's” and if they identify any weaknesses in their “C's”, they should establish a plan of action to improve that area of credit.
- While the credit application process is important to understand, put special emphasis on the questions that anyone should ask before applying for credit. Emphasize the importance of being cautious when using credit and to not do it without asking the right questions and understanding the impact of the answers.

**AFTER**  
**THE ACTIVITY**

Have participants maintain a count of how many times in a week they use credit. At the end of the week, have the participants apply the following questions to each of their credit uses.

- Was this a necessity or luxury item?
- Did I really need the item?
- Can I repay this debt?
- Did I understand the credit terms?
- Did I really think about the consequences of making this purchase?

This exercise will allow the participants to assess their wise use of credit and how they can improve.

**TIPS FOR**  
**SUCCESS**

Credit is a top priority with everyone. Encourage participants to put a personal twist on the information in this activity to learn how they might make better credit decisions. Remind participants that credit is a valuable financial tool and that once lost, is difficult to restore.