



Standards Instructional Guidance: HS.PFE.A – Credit and Debt

High School Personal Finance Education (HS.PFE) – Adopted 2024

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OREGON
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Standard: HS.PFE.A.1

Standard Statement

Understand components used to build credit and investigate actions that could impact personal credit scores.

Key Concepts

- Students can understand components used to build credit, which could include, but are not limited to:
 - Credit scores
 - Credit reports
 - Opening a credit account
 - Credit rebuilding
- Students can investigate actions that impact building credit, which could include, but are not limited to:
 - Payment history
 - Credit utilization
 - Length of credit history
 - Types of credit
 - New credit inquiries

Essential Questions

By the end of the unit, students should be able to answer:

What are credit scores and credit reports?

How does understanding credit scores and reports empower individuals to make informed financial decisions and achieve long-term financial goals?

What strategies can individuals employ to improve their creditworthiness?



Considerations

Socio-Economic:

- Students' access to credit-building opportunities may vary depending on family income and financial stability.
- Low-income households may face more challenges in managing debt, planning financially, or establishing credit.
- Not all students have equitable access to financial education or resources such as credit counseling or workshops.
- Community-based financial literacy programs can help close resource gaps and provide real-world support.
- Income level may influence students' initial exposure to credit use and perceptions of risk and reward.

Culturally Responsive:

- Cultural values and traditions can shape attitudes toward credit, debt, saving, and financial risk.
- Some students may come from cultures where extended family financial support is expected or prioritized.
- Variations in cultural perspectives may affect students' comfort with borrowing, long-term planning, or seeking credit.
- Providing financial education in multiple languages supports understanding and accessibility for all learners.
- Creating space for students to explore and reflect on their cultural norms related to money can build financial confidence and inclusivity.

Strength-Based:

- Each student brings unique perspectives and strengths to financial learning, shaped by their lived experiences.
- Promoting reflection on personal financial habits can deepen student self-awareness and engagement.
- Realistic, scenario-based learning builds critical thinking about credit decisions, consequences, and alternatives.
- Connecting students with local organizations and credit-building programs reinforces skills with practical tools.
- Emphasizing agency and choice helps students view credit not as a barrier, but as a tool to be navigated with knowledge and support.

Vocabulary

Term	Definition
Payment History	Payment history refers to an individual's track record of making timely payments on credit accounts (such as loans, credit cards, and mortgages). Consistently paying bills on time positively affects creditworthiness. It is important to always pay at least the minimum due amount by the due date for credit cards, loans, and other bills.
Credit Utilization	Credit utilization is the ratio of credit used to the total credit available. It measures the difference between the total available credit and how much is currently being used. The equation to calculate credit utilization is: $(\text{Total credit card balances}) / (\text{Total credit limits}) \times 100$. High utilization can negatively impact a score. It is important to aim for a utilization rate below 30%.
Length of Credit History	Length of credit history refers to how long an individual has held credit accounts. It considers the age of the oldest account, the average age of all accounts, and the age of the newest account. Longer credit history is better, as it shows stability and responsible credit management.
Types of Credit	Types of credit refer to the mix of credit accounts an individual holds (e.g., credit cards, installment loans, retail accounts). A mix of credit types (credit cards, installment loans, mortgages) can enhance credit scores.
New Credit Inquiries	New credit inquiries occur when an individual applies for credit (e.g., a new credit card, auto loan, or mortgage). Each inquiry generates a record. Frequent credit applications can lower scores temporarily. Be cautious when applying for new credit, and only apply when necessary.

Sample Student Activities

Credit Card Statement Analysis:

- Provide students with a sample credit card statement.
- Ask them to examine the statement and explain the various components presented, such as:
 - Transaction details: Understand individual charges, including dates, descriptions, and amounts.
 - Interest charges: Identify how interest is calculated and added to the balance.
 - Minimum payment: Explain what the minimum payment represents.
 - Due date: Discuss the importance of paying on time.
 - Credit limit: Understand the maximum amount allowed for spending.
 - Available credit: Calculate available credit based on the current balance.
 - Payment history: Discuss any late payments or missed payments.
- Encourage students to discuss the implications of each component on their credit.

Slide Deck on Credit Score Components:

- Create a slide deck explaining the five key aspects of a credit score:
 - Payment history: The most significant factor, reflecting whether payments were made on time.
 - Credit utilization: The percentage of available credit used.
 - Length of credit history: How long accounts have been open.
 - Types of credit: Mix of credit cards, loans, and other accounts.
 - New credit inquiries: Recent applications for credit.
- Discuss how each aspect impacts creditworthiness and overall credit scores.

Additional Examples

Examples of understanding components of credit include:

- Credit Scores:
 - A credit score is a numerical representation of an individual's creditworthiness. Lenders use it to assess how likely an individual is able to repay loans and credit cards on time. The higher the score, the better the credit health. Common credit scoring models include FICO scores (ranging from 300 to 850) and VantageScore (ranging from 300 to 850). Factors affecting credit scores include payment history, credit utilization, length of credit history, types of credit, and recent credit inquiries.
- Credit Reports:
 - A credit report is a summary of an individual's credit history compiled by credit bureaus (such as Experian, TransUnion, and Equifax). It includes details about credit accounts, payment history, public records (like bankruptcies), and inquiries. Regularly checking credit reports helps monitor financial health and detect any inaccuracies or signs of identity theft. These reports influence interest rates, investment decisions, and financial markets.
- Opening a Credit Account:
 - Opening a credit account involves applying for credit products like credit cards, loans, or lines of credit. To open a credit card account, for example, an individual typically fills out an application, provides necessary information (such as income and personal details), and agrees to the terms. Responsible use of credit accounts can help build a positive credit history.
- Credit Rebuilding:
 - Credit rebuilding is the process of improving a damaged credit history. Steps include:
 - Reviewing Credit Reports by checking for inaccuracies and address negative items.
 - Paying Bills on Time: Timely payments positively impacts credit scores.
 - Lowering Credit Utilization: Aim for a low credit utilization ratio (credit card balances relative to credit limits).
 - Getting a Secured Credit Card: Use it responsibly to rebuild credit.
 - Being Patient: Rebuilding credit takes time, but consistent efforts pay off.

- Public Records and Negative Information:
 - Public records such as bankruptcies, tax liens, and collections can have a detrimental impact on credit. These events signal financial distress and may lower credit scores. To mitigate their effects, it's crucial to avoid such negative occurrences and promptly address any issues that arise.
- Credit Monitoring and Regular Review:
 - Regularly checking credit reports is crucial for maintaining financial health. By doing so, individuals can detect errors, spot inaccuracies, and identify signs of identity theft. An effective action to take is to obtain free credit reports annually from reputable credit bureaus (such as Equifax, Experian, and TransUnion) and review them carefully. This proactive approach empowers you to stay informed and protect creditworthiness.

Supplemental Resources

External Links

[Open Education Resources/Oregon Open Learning Group: Oregon Personal Financial Education](#)

The resources in this group have been curated by ODE content specialists and Oregon educators to supplement materials for courses that include Personal Financial Education standards.

[USAGov: Learn about your credit report and how to get a copy](#)

This resource provides information on credit reports, how to request them, and what information they include. It also explains how lenders and other organizations use credit reports.

[AnnualCreditReport.com](#)

This government-mandated website allows you to obtain free credit reports from the three major credit bureaus: Equifax, Experian, and TransUnion. You can access your credit reports once per year.

[Making Finance Personal: Project-Based Learning for the Personal Finance Classroom](#)

Project 6: Credit Report is a resource from the Federal Reserve Bank of Atlanta.



Standard: HS.PFE.A.2

Standard Statement

Compare and contrast various types of consumer credit and the costs and benefits of borrowing money.

Key Concepts

- Students can name various types of consumer credit including, but not limited to:
 - Installment Credit
 - Revolving Credit
 - Open-end Credit
 - Secured Loans
 - Unsecured Loans
- Students can compare and contrast the costs and benefits for a given type of consumer credit including, but not limited to:
 - Payments
 - Budgeting
 - Interest
 - Flexibility
 - Convenience
 - Risks

Essential Questions

By the end of the unit, students should be able to answer:

What are the benefits and risks of loans or credit card options available to me?

Why would I want to open a loan or credit card?



Considerations

Socio-Economic:

- Students' access to different types of credit can be influenced by income level, employment stability, and existing debt.
- Financial literacy exposure may vary across socio-economic groups, affecting students' familiarity with credit terms, risks, and benefits.
- Community-based credit counseling services can provide valuable support for students and families navigating debt or budgeting challenges.
- Utility discount programs and local assistance resources can reduce financial stress and influence credit-related decision-making.
- Nonprofit financial organizations often offer no-cost tools and coaching that may not be known to all students or families.

Culturally Responsive:

- Cultural perspectives shape attitudes toward borrowing, saving, and the use of credit as a financial tool.
- In some cultures, avoiding debt is a strong value, while in others, credit may be seen as essential for opportunity or advancement.
- Language access can be a barrier to understanding credit resources; multilingual materials and outreach improve equitable access.
- Public libraries and community centers often serve as accessible, trusted sources for financial education in diverse communities.

Strength-Based:

- Students bring valuable financial experiences and habits that can be built upon when exploring credit decisions.
- Prior experiences—such as helping with household bills or observing family financial practices—can provide strong foundations for learning.
- Positive financial behaviors, like on-time payments or budgeting, can be recognized and encouraged as credit-building strengths.
- Hearing from relatable role models—including alumni or community members—can demystify credit and inspire responsible use.
- Real-world success stories from diverse backgrounds help students see that credit can be managed effectively across life circumstances.

Vocabulary

Term	Definition
Installment Credit	Installment credit allows borrowers to finance a specific purpose purchase over time. It involves fixed payments (installments) made at regular intervals until the debt is fully repaid. Auto loans are a common form of installment credit. When buying a car, individuals take out an auto loan. Individuals then make monthly payments over a set period (e.g., 3 years or 5 years) until the loan is paid off. Auto loans typically have lower interest rates compared to credit cards.
Revolving Credit	Revolving credit provides a total spending limit that borrowers can use up to. It allows flexibility in borrowing and repayment. As individuals pay off the balance, the available credit replenishes. Credit cards are a form of revolving credit. When using a credit card to make purchases, individuals are accessing a line of credit. There are options to pay off the balance in full or make minimum monthly payments. The available credit resets as you pay down the balance.
Open-end Credit	Open-end credit refers to accounts with varying payment period balances. Unlike installment credit, it doesn't have fixed payments. Examples include utility bills and similar accounts. Monthly utility bills (such as electricity, water, or gas) fall under open-end credit. The balance changes each month based on overall usage. The amount due is paid regularly, but there's no fixed repayment schedule.
Secured Loans	Secured loans require collateral (an asset) to secure the loan. If the borrower defaults, the lender can claim the collateral to recover the debt. A mortgage loan is a secured loan. When purchasing a home, the home itself serves as collateral. If an individual fails to make mortgage payments, the lender can foreclose on the property.
Unsecured Loans	Unsecured loans don't require collateral. Lenders rely on the borrower's creditworthiness and ability to repay. Personal loans, student loans, and credit cards are unsecured. They're based on credit history, income, and financial stability. Since there's no collateral, interest rates may be higher.

Sample Student Activities

Credit Card Comparison:

- Provide students with a variety of example credit cards that differ in features and costs.
- Assign students to research different credit cards (e.g., rewards cards, secured cards, student cards).
 - Have them compare annual fees, interest rates, rewards programs, and credit limits.
 - Discuss which card would be most suitable for different financial situations.
- Similar activities could be considered for various types of loan options as well, such as comparing auto loans and home mortgage options.

Auto Loan Comparison:

- Provide students with a list of example auto loans from various lenders.
- Ask them to research and compare the following factors:
 - Interest Rates: Different lenders offer varying interest rates. Students should analyze how these rates impact the overall cost of the loan.
 - Loan Terms: Discuss the pros and cons of shorter vs. longer loan terms. Shorter terms mean higher monthly payments but lower overall interest paid.
 - Down Payment: Explore how different down payment amounts affect the loan amount and monthly payments.
 - Credit Score Impact: Discuss how timely payments on an auto loan can positively impact credit scores.
 - Total Cost of Ownership: Encourage students to consider not only the loan payments but also other costs like insurance, maintenance, and fuel.
- Have students present their findings and discuss which auto loan would be most suitable for different financial situations (e.g., someone with excellent credit vs. someone with fair credit).
- Home Loan Variation: A similar activity could include analysis of different home mortgage options (e.g., fixed-rate vs. adjustable-rate mortgages). Factors that could be analyzed include: Interest rates, Loan Types, Down Payment Requirements, Loan Terms, Closing Costs, and Monthly Payments.

Additional Examples**Example costs and benefits of each type of consumer credit:**

- **Installment Credit:**
 - **Costs:**
 - Interest Payments: You pay interest on the entire loan amount throughout the loan term.
 - Fixed Payments: Monthly payments are fixed, which can be challenging if financial situations change.
 - **Benefits:**
 - Structured Repayment: Individuals know exactly when the loan will be paid off.
 - Predictable Budgeting: Fixed payments make budgeting easier.
- **Revolving Credit:**
 - **Costs:**
 - Variable Interest: Interest rates can fluctuate.
 - Minimum Payments: Paying only the minimum can lead to long-term debt.
 - **Benefits:**
 - Flexibility: Borrow as needed, repay, and borrow again.
 - Credit Score Impact: Responsible use can boost your credit score.
- **Open-end Credit:**
 - **Costs:**
 - High Interest: Rates tend to be higher than other forms of credit.
 - Risk of Overspending: No fixed limit; easy to accumulate debt.

- Benefits:
 - Convenience: Quick access to funds without reapplying.
 - Emergency Use: Useful for unexpected expenses.
- Secured Loans:
 - Costs:
 - Collateral Requirement: Individuals need an asset (e.g., car, home) as security.
 - Risk of Asset Loss: If an individual defaults, the lender can seize the collateral.
 - Benefits:
 - Lower Interest: Secured loans often have lower rates.
 - Easier Approval: Collateral reduces risk for the lender.
- Unsecured Loans:
 - Costs:
 - Higher Interest: Interest rates are typically higher.
 - Stricter Eligibility: Approval depends on creditworthiness.
 - Benefits:
 - No Collateral Needed: No risk to assets.
 - Flexible Use: Use funds for various purposes.

Supplemental Resources

External Links

[Open Education Resources/Oregon Open Learning Group: Oregon Personal Financial Education](#)

The resources in this group have been curated by ODE content specialists and Oregon educators to supplement materials for courses that include Personal Financial Education standards.

[St. Louis Fed: Evaluating the Benefits and Costs of Credit](#)

This resource provides a lesson on evaluating the benefits and costs of credit. Students learn about different types of credit, discuss their advantages and disadvantages, and consider how borrowing impacts net worth.

[CNN Underscored: Types of Loans](#)

CNN offers insights into various types of loans, including student loans, personal loans, and mortgages. It explains interest rates, borrower protections, and loan options.



Standard: HS.PFE.A.3

Standard Statement

Analyze the long-term impacts of high and low credit scores.

Key Concepts

- Students can understand short-term impact of credit scores including, but not limited to:
 - Access to credit options
 - Interest rates
 - Insurance premiums
 - Loan costs
 - Utilities and services
- Students can understand long-term impact of credit scores including, but not limited to:
 - Financial security
 - Retirement
 - Overall wealth accumulation
 - Inability to secure a loan
 - Inability to rent an apartment/house
 - Interest paid over time in comparison to credit score

Essential Questions

By the end of the unit, students should be able to answer:

What is a credit score, and how is it used by lenders?

How do I build and improve my credit score?



Considerations

Socio-Economic:

- Students may be aware that limited access to credit or a lack of credit history can make financial advancement more difficult, especially for individuals from low-income households.
- Higher interest rates or predatory lending options are often more accessible to those with lower credit scores, which can deepen financial strain.
- Credit challenges can both result from and contribute to poverty, creating a cyclical barrier to financial security and long-term planning.
- Those with higher credit scores may have greater access to wealth-building opportunities, such as home ownership, lower loan costs, and favorable investment terms.
- Intergenerational wealth transfer may be influenced by access to affordable credit and the ability to build long-term financial assets.

Culturally Responsive:

- Cultural views around borrowing, debt, and financial independence can influence how students and families engage with credit systems.
- In collectivist cultures, financial responsibility may be shared across families or communities, which can affect credit use and repayment practices.
- In individualistic cultures, credit scores may be viewed as a reflection of personal responsibility, affecting how students internalize financial success or failure.
- Shame or stigma around debt in some cultures may prevent open conversations about credit or discourage seeking help, making culturally responsive financial education essential.
- Family credit practices and beliefs often shape students' understanding—early education can help clarify myths or address generational misconceptions about credit.

Strength-Based:

- Students may already demonstrate responsible financial behaviors—such as budgeting or avoiding unnecessary debt—that support strong credit outcomes.
- Understanding how their credit decisions affect long-term goals can help students envision and work toward financial stability and independence.
- Connecting credit management to real-life outcomes (e.g., housing, employment, loan eligibility) reinforces relevance and builds self-efficacy.
- Encouraging students to see credit as a tool, rather than a barrier, fosters a proactive mindset toward borrowing and repayment.
- Role models and real-life examples can help students relate to how good credit habits contribute to future security, including retirement and wealth-building.

Vocabulary

Term	Definition
Access to Credit Options	Access to credit options refers to an individual's ability to obtain credit, such as loans or credit cards, from financial institutions. Having access to credit allows individuals to make significant purchases (e.g., buying a home, starting a business) that may not be possible with cash alone.
Interest Rates	Interest rates represent the cost of borrowing money. They are expressed as a percentage of the loan amount. Higher interest rates increase the overall cost of borrowing, affecting affordability.
Insurance Premiums	Insurance premiums are regular payments made to an insurance company to maintain coverage (e.g., health insurance, auto insurance). Premiums affect monthly budgets. High premiums may require adjustments in other spending areas.
Loan Costs	Loan costs include not only the principal amount borrowed but also additional fees (e.g., origination fees, closing costs). Loan costs determine the total amount repaid over the loan term. High loan costs may lead to debt burden and affect financial stability.
Utilities and Services	Utilities (e.g., electricity, water) and services (e.g., internet, phone) are essential for daily living. Balancing utility costs with other expenses (e.g., groceries, rent) affects overall budgeting.

Sample Student Activities

Critique actions of someone in problematic debt and encourage critical thinking about credit-related decisions.

- Provide a fictional scenario of someone who accumulated problematic debt (e.g., overspending, missed payments).
- Ask students to analyze the actions that led to this situation.
 - Discuss alternative choices the individual could have made to avoid debt problems.
 - Empower students to learn from mistakes and make informed credit decisions.

Analyze a sample credit report and identify areas for improvement.

- Provide a sample credit report (use online tools or create a fictional one).
- Ask students to:
 - Identify different sections (personal information, accounts, payment history, etc.).
 - Interpret credit score and credit utilization.
 - Highlight negative items (late payments, collections).
 - Suggest short-term actions (e.g., paying bills on time, disputing errors).
 - Discuss long-term strategies (building positive credit history, diversifying credit types).

Additional Examples

Discuss examples of short-term impacts:

- **High Credit Score:**
 - A good credit score grants access to premium credit cards, better loan products, and more favorable interest rates.
 - With a high credit score, individuals have access to better interest rates on loans. For auto loans, a score of 720 or higher is ideal, and for mortgages, a score of 750 or higher is advantageous.
 - Mainstream lenders are more likely to approve loan applications when individuals have a good credit score.
 - A high credit score can lead to lower insurance premiums, including auto and home insurance.
- **Low Credit Score:**
 - Banks and reputable lenders may consider you too risky if you have a bad credit score. Qualifying for traditional loans or credit cards becomes challenging.
 - A low credit score results in higher interest rates on credit cards, loans, and mortgages. For example, a mortgage with a FICO score of 620 may have significantly higher interest rates compared to a score between 760 and 850.
 - Landlords often review credit scores when considering rental applications. A low score may make it harder to secure an apartment.
 - Utility companies and internet providers may require a security deposit or charge higher rates if an individual's credit score is low.

Example Long-Term Impacts:

- **High Credit Score:**
 - A strong credit history contributes to long-term financial stability. It opens doors to better opportunities and financial products.
 - A good credit score allows an individual to save more effectively for retirement by minimizing interest costs and maximizing investment potential.
 - Individuals with excellent credit pay less interest over time. Conversely, poor credit leads to higher interest rates, resulting in substantial long-term costs.
- **Low Credit Score:**
 - High-interest credit card debt impacts an individual's ability to save for the future. A low credit score may delay retirement due to increased debt servicing costs.
 - With high interest rates, individuals allocate less money toward assets and equity, impacting your overall wealth accumulation.
 - Lenders may reject loan applications or offer unfavorable terms due to credit risk. This makes it challenging to secure loans for major life events (e.g., buying a home, starting a business).
 - Landlords often check credit history when evaluating rental applications. A low score may lead to rejections or require higher security deposits.

Supplemental Resources

External Links

[Open Education Resources/Oregon Open Learning Group: Oregon Personal Financial Education](#)

The resources in this group have been curated by ODE content specialists and Oregon educators to supplement materials for courses that include Personal Financial Education standards.

[Harvard Financial Literacy](#)

Harvard University offers resources on financial literacy, including topics related to budgeting, credit, saving, investing, and taxes. It aims to prepare students for life beyond college.

[University of Cincinnati: Understanding Credit Reports and Scores](#)

The University of Cincinnati provides guidance on understanding credit reports, obtaining copies, and the importance of monitoring your credit.