PENNY HOLLOW / LIFEREADY

AGES 14-18 | FINANCIAL LITERACY WORKBOOK

Credit Confidence: Build It, Protect It

A twelve-module credit investigation course for thoughtful real-life decisions.

LEARN / PRACTICE / INVESTIGATE / GROW



Penny



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Where Little Money Habits Grow Into Big Futures.

Family & classroom edition | Educational examples | 2026

Printable activities, worked examples, reflections, and answer keys

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01 / CREDIT FUNDAMENTALS

Borrowing creates a future obligation

Credit lets a borrower receive money, goods, or services now under an agreement to repay later. A lender takes a risk that repayment may not happen, so the agreement can include interest, fees, collateral, and deadlines. Approval does not make a purchase affordable. The borrower still needs a workable source of repayment after essential expenses.

Arrangement	How repayment works	Question to ask
Revolving credit	Borrow, repay, and borrow again up to a limit.	What balance and payment are due?
Installment loan	Borrow a set amount and repay over an agreed term.	What is the total borrowing cost?
Debit purchase	Spend money from a linked deposit account.	Do I have enough available funds?

Debit and credit can look similar at checkout, but a debit purchase generally uses your money rather than creating the same kind of borrowing agreement. Buy-now-pay-later arrangements are borrowing too; their terms and reporting practices vary. Do not assume a small payment means a small total cost.

M1A / Explain the obligation

1. A $240 purchase is offered as four $60 payments with no fees if paid as agreed. How much is committed in total? Name two things to check before accepting.

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02 / UNDERSTANDING CREDIT REPORTS

A report is a record, not a score

Equifax, Experian, and TransUnion are the three nationwide credit bureaus. They compile credit information from businesses that furnish data and other permitted sources. A credit report organizes that history. A credit score is a separate model-based prediction made from report information. Different bureaus may have different data because businesses do not necessarily report to every bureau or on the same day.

Report section	Look for	Do not assume
Identification	Names and addresses that belong to the consumer.	Every spelling difference proves fraud.
Accounts	Type, balance, limit, status, and update date.	A balance is current to this minute.
History and inquiries	Payment markers and access requests.	Every inquiry is a hard inquiry.
Collections / public records	Any listed item and its supporting details.	A difficult fact is automatically inaccurate.

Reports are not bank statements. Income, ordinary debit transactions, and savings-account balances are not the same as listed credit-account data. Bankruptcy information may appear. What public-record information is included depends on current reporting practices; do not assume every court matter is listed.

M2A / Read before judging

1. Why should you compare an account update date with a statement date before declaring a balance wrong?

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04 / CREDIT CARDS AND UTILIZATION

Utilization: individual and combined

For these exercises, revolving utilization equals reported card balance divided by reported limit, multiplied by 100. Use balances from the same snapshot. Compute both each account and the combined revolving total. Do not average the percentages unless the limits happen to be equal. Do not include an installment loan's original amount in a revolving denominator.

Account	Balance	Limit	Individual utilization
Card A	$300	$1,000	$300 / $1,000 x 100 = 30%
Card B	$100	$500	$100 / $500 x 100 = 20%
Combined	$400	$1,500	$400 / $1,500 x 100 = 26.67%

The simple average of 30% and 20% is 25%, which is wrong for this combined calculation because the card limits differ. Reported balances may update periodically rather than immediately. A payment can reduce actual debt today while the report still shows an earlier snapshot. Check dates before comparing.

M4B / Try the method

1. Card C reports $360 of a $900 limit; Card D reports $40 of a $100 limit. Calculate each and the combined utilization. What changes if Card D is paid down to $0 and reports that update?

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05 / APR, INTEREST, AND DEBT COSTS

Compare repayment plans

Start with $1,000 at a constant 24% APR. Use the classroom monthly method on page 19. The $50 plan is a fixed-payment illustration, not a claim about an issuer's actual minimum-payment formula. Issuers can use changing minimums; read the statement. These plans assume payments remain affordable and on time.

Fixed monthly payment	Months	Total interest	Total repaid
$50	26	$289.88	$1,289.88
$100	12	$127.04	$1,127.04
$150	8	$84.21	$1,084.21

First three months of the $100 plan

Month	Start	Interest	Payment	End
1	$1,000.00	$20.00	$100.00	$920.00
2	$920.00	$18.40	$100.00	$838.40
3	$838.40	$16.77	$100.00	$755.17

The last payment is smaller: $27.04 in month 12 for the $100 plan. More of each payment reduces principal as interest declines. An extra payment helps only if it fits a budget that also covers essentials.

M5B / Compare the tradeoff

1. How much interest does the $100 plan save versus $50? Why might a $150 plan be unworkable despite its lower total interest?

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12 / FINAL CREDIT INVESTIGATION

Jamie's file: accounts and balances

FICTIONAL EDUCATIONAL CREDIT FILE / JAMIE REED, ADULT / JUNE 30, 2026 / ALL LABELS ARE SYNTHETIC

Account / type	Opened	Balance / limit	Status / payment
MAPLE-A / card	Jan 2025	$720 / $1,200	Open; May 30 late / $36 minimum
BAY-B / card	Aug 2025	$240 / $800	Current / $20 minimum
RIDGE-C / installment	Jan 2026	$1,800 / original $2,400	Current / $100 monthly
PINE-D1 / collection	Apr 2026	$320 / no limit	Unpaid; original Elm Utility
PINE-D2 / collection	Apr 2026	$320 / no limit	Unpaid; same original Elm Utility
JUNIPER-E / retail card	Jun 2026	$280 / $400	Current / $25 minimum

Every account was last updated June 30. The report presents JUNIPER-E as Jamie's account; evidence will test that assertion. PINE-D1 and PINE-D2 are both reported by Pine Recovery. Do not infer a duplicate solely from a shared original creditor: read the written evidence. The original amount of RIDGE-C is not a revolving credit limit.

Investigation I1

1. Circle the revolving accounts as reported. Underline fields requiring evidence review. Do not decide ownership from the name alone.

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