

# IMPACT

University of Idaho  
Extension

4-H Youth Development  
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## Youth learn responsible use of credit cards

### AT A GLANCE

**The Teen\$ Credit Card program is designed to give teens experience making financial decisions with credit cards in a safe environment.**

### The Situation

The Federal Reserve recently reported Americans owe over \$1 trillion in overall credit card debt. This is the highest level since the last recession in 2008. It is estimated that young adults owe over \$200 billion. In addition, many youth struggle to understand the differences between a credit card and a debit card and the advantages of each. On average, of those owning a credit card, a person owns four cards or more, which increases the need to use them responsibly. Unfortunately, youth have limited opportunities to learn about personal finances in school and if they do, proper use of credit cards is usually not one of the topics. This leaves many of our youth learning about credit cards through personal experiences and often from mistakes.

### Our Response

The 4-H Youth Development program reaches thousands of youth with educational programs using quality curriculum to meet the needs of the community. To help youth better understand the financial decisions they will be faced with and the consequences of their decisions using credit cards, the Teen\$ Credit Card program provides a safe environment to allow youth to make mistakes. This program has been used in many non-traditional settings in 4-H to reach youth of all backgrounds. With several community partners, the Teen\$ Credit Card program has been presented at the Hispanic Culture Center of



The Teen\$ Credit Card program is part of the national award winning Northwest Youth Financial Education program, helping youth learn sound financial concepts.

Idaho, TEENS Retreat, a church program, a school assembly and conference workshops. The program has also been taught at the Southwest Idaho Juvenile Detention Center for the past year. This site requires on-going program delivery because of the revolving nature of the audience of the detention center. Every four months there is a new audience. Financial education programming at the detention center is critical to help teens understand that irresponsible decisions with their finances effects more than their life at the moment, it also affects their future ability to make purchases. Responsible decisions made today may affect their credit score and in turn affect their way of life.

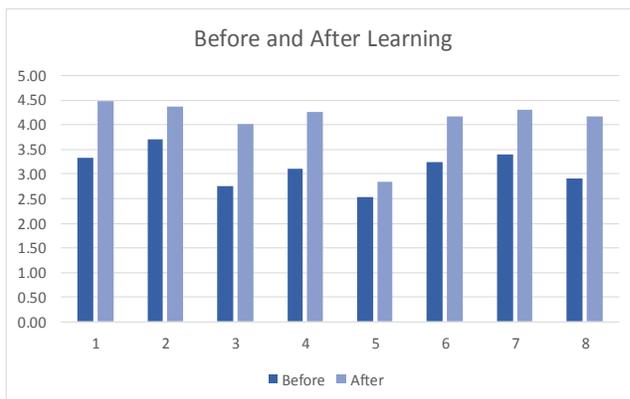
The Teen\$ Credit Card program is part of the Northwest Youth Financial Education program lending an additional level of understanding for youth regarding how responsible use of their credit card can help build their credit score. The Teen\$ Credit Card

program is designed to give teens experience making financial decisions with credit cards. Youth learn about wants vs. needs, wise spending decisions and how to use credit cards responsibly. The program demonstrates how interest charges, fees, and paying only the minimum balance monthly can add up, increasing the cost of the items purchased. The hands-on experience simulates the consequences and effects of using credit cards in a real life scenario.

Teens participate in a hands-on credit exercise where they each receive a simulated credit card with a credit limit of \$1,000 or \$2,000. Then, they use their credit card to make purchases at a virtual mall. After they have spent their limit (and sometimes more), they learn the true costs of using credit by discovering how much interest they owe and how long it is going to take them to pay off their simulated credit card balance if they are to make monthly minimum payments.

### Program Outcomes

Over the past few years, 561 teens have participated in the Teen\$ Credit Card program. Evaluations were conducted using eight indicators at the Southwest Idaho Juvenile Detention Center (n=69). Results show the greatest change in learning was in understanding credit card interest and fees (#3 on chart) and that teens now could explain how to use a credit card responsibly (#8 on chart).



5=strongly agree, 4=agree, 3=neutral, 2=disagree, 1=strongly disagree

Other indicators showing a substantial increase in understanding were the teens' ability to explain the differences between a credit card and a debit card (#1 on chart) and understanding how a credit card can influence credit scores (#4 on graph).

The indicator of "I believe paying the minimum balance is a good way to pay off a credit card" showed very minimal increase in agreement. While this may indicate that the concept was not well understood, many responded with written comments under "What advice would you give someone who has a lot of credit card debt?" that they should pay off their debt

in full as soon as they can, not just make minimum payments.

The survey also asked, "What changes do you plan to make because of this workshop?" Two of the more specific responses were "I know now how to use a CC to build good credit and plan on being able to do that in the future" and "Watch the way I use my credit card and watch the things I spend it on but always pay it off in full."

### The Future

Delivery of the Teen\$ Credit Card program will continue in the foreseeable future. A team of University of Idaho Extension professionals and volunteers presents the program and so over time, additional UI Extension professionals and volunteers have learned to present the program themselves. By building the base of personnel capable of delivering the program, the sustainability of delivery becomes more assured. The materials, content and lesson plan of the program are such that preparation is minimal and the materials are easy to use.

The Teen\$ Credit Card program may be used as a stand-alone program or as part of a bigger educational event. The versatility of the program allows it to be used in a classroom setting, as part of a day camp, or other events and may be successfully used with groups of 5 to 200 teens at a time.

### FOR MORE INFORMATION

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