

Credit Basics for Families

A plain-language discussion guide for learning how borrowing, repayment, and protection work.

Credit is borrowed money—not extra money

A lender may allow someone to borrow now and repay later. The borrower usually pays a cost called interest. Adults make real credit decisions; students can learn with examples and simulations.

1 Four ideas to know

Borrow

Receive money or use credit with an agreement to repay it.

Repay

Return what was borrowed according to the agreement.

Interest

A cost that may be charged for borrowing money.

Credit history

A record that may show how a person has handled credit over time.

2 Practice with a fictional example

Jordan wants a \$60 bicycle helmet and does not have enough saved. A fictional lender offers to let Jordan repay \$15 each month for five months.

How much would Jordan repay in total?

\$ _____

How much more than \$60 is that?

\$ _____

What questions should Jordan ask?

3 Protect identity and information

- ☐ Use strong, unique passwords
- ☐ Pause before clicking unfamiliar links
- ☐ Ask an adult before sharing information

- ☐ Keep account numbers private
- ☐ Review statements for unusual activity
- ☐ Report a lost card or device promptly

4 Conversation prompts

Why might a low monthly payment still be expensive over time?
 When could borrowing help, and when could it create stress?
 What information should never be shared in a text, email, or online form?

Adult guidance

This guide is educational and does not recommend a financial product. Families should review real credit decisions with a qualified adult professional when appropriate.