

# Shopping in Credit City

Students complete a shopping game to see how much money they would spend on four major purchases that require borrowing money.

## Learning goals

### Big idea

Borrowing money instead of paying cash for items can increase the total amount paid.

### Essential questions

- How can you plan ahead when you need or want to make a large purchase?
- How can borrowing money to pay for items increase the total amount you spend?

### Objectives


- Calculate the total cost of items using an oversimplified interest formula
- Reflect on how borrowing affects the way you feel about purchases

### What students will do

- Roll a die to determine purchase price, interest rate, and length of loan needed to pay for four big-ticket items.
- Analyze how purchases made with a credit card may result in increased total cost of ownership when compared with paying with cash.
- Reflect on the experience of purchasing with cash versus credit.

#### KEY INFORMATION

Building block:

 Financial habits and norms

Grade level: High school (9-12)

Age range: 13-19

Topic: Borrow (Managing credit)

School subject: CTE (Career and technical education), Math

Teaching strategy: Gamification

Bloom's Taxonomy level: Apply, Evaluate

Activity duration: 75-90 minutes

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#### STANDARDS

Council for Economic Education  
Standard IV. Using credit

Jump\$tart Coalition

Credit and debt - Standard 1

## Preparing for this activity

- Print copies of all student materials for each student or prepare for students to access them electronically.
- Students should have access to calculators.
- Gather dice for students to use or prepare to use virtual dice on a computer or tablet.

### What you'll need

#### THIS TEACHER GUIDE

- Shopping in Credit City (guide)  
[cfpb\\_building\\_block\\_activities\\_shopping-credit-city\\_guide.pdf](#)

#### STUDENT MATERIALS

- Shopping in Credit City (worksheet)  
[cfpb\\_building\\_block\\_activities\\_shopping-credit-city\\_worksheet.pdf](#)
- Calculators
- Dice

## Exploring key financial concepts

This activity will help reinforce the financial concept that borrowing can increase the cost of items because consumers may be charged interest, which must be repaid along with the principal.

## Teaching this activity

### Whole-class introduction

- Distribute the “Shopping in Credit City” worksheet to each student.
- Be sure students understand key vocabulary:
  - **Principal:** In the lending context, principal is the amount of money that you originally received from the creditor and agreed to pay back on the loan with interest. In the investment context, it is the amount of money you contribute with the expectation of receiving income.

- **Interest rate:** A percentage of a sum borrowed that is charged by a lender or merchant for letting you use its money. It does not reflect fees or any other charges you may have to pay for the loan.
- **Term:** A fixed or limited period of time for which something lasts or is intended to last (for example, a five-year loan, a three-year certificate of deposit, a one-year insurance policy, a 30-year mortgage).

#### TIP

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Visit CFPB's financial education glossary at [consumerfinance.gov/financial-education-glossary/](https://consumerfinance.gov/financial-education-glossary/).

- Remind students that principal, rate, and time are factors that affect the total amount of a credit purchase. Make the connection that time, in the case of a loan, is defined by the term of the loan.

### Individual or group work

- Students can complete this activity individually or in pairs.
- Give each student or pair of students a single die (or provide a way to generate random numbers from 1 to 6).
  - Alternatively, roll for everyone using virtual dice on a computer or tablet (works great if you use a projector or smart board).
  - To find virtual dice, enter "roll a die" into an online search engine.
- Explain the rules of the game to students:
  - Roll a single die and multiply the number rolled by 100 to determine the price of the item (principal).
  - If you roll a 3 or higher in the first roll, roll the die two more times.
    - The second roll determines the interest rate (rate).
      - Multiply the number on the die by 3 to get the interest rate.
      - For example: A roll of 3 would be  $3 \times 3 = 9\%$ .
    - The third roll determines the term of the loan (time).
      - Multiply the number on the die by 4 to get the number of months.
      - For example, a roll of 2 indicates a loan with an 8-month term.
  - You can pay cash for any item that costs \$100 or \$200, but for items \$300 and above, you will have to charge it and pay interest on the money you borrow.

- Instruct students to play the game to complete calculations for all four items.
- Ask students to complete the reflection questions.

## Wrap-up

Have a whole-class conversation using the reflection questions as a discussion guide.

## Suggested next steps

Consider searching for other [CFPB activities](#) that address the topic of borrowing, including getting loans and managing credit.

## Measuring student learning

Evidence of student learning can be measured by asking students to share answers to the reflection questions posed at the end of the activity. Encourage them to share their feelings about borrowing money versus paying in cash.

**Keep in mind that students' responses to reflection questions may vary, as there may not be only one right answer.** The important thing is for students to have reasonable justification for their answers.