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inside the vault

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The CARD Act: Has It Made a Difference?

BY JEANNETTE N. BENNETT

In 2009, Congress passed the most substantial reforms in the **credit card** industry in over 40 years—the Credit Card Accountability Responsibility and Disclosure of 2009 (the **CARD Act**). The CARD Act addresses many practices consumer advocates—and Congress—identified as problematic. Although the **Truth in Lending Act** of 1968 mandated **disclosure** of information about the costs (terms) of credit, there were few limits placed on the pricing practices (e.g., fees) of card issuers. Congress intended the CARD Act, often called the Credit Cardholders' Bill of Rights, to establish fair and transparent practices for credit cardholders. Put simply, the CARD Act offers cardholders protections that can save them money. Fair practices include lower fees and limits on **interest rate** increases. Transparent practices include better and timely communication so consumers know how much they are really paying for credit. This article reviews some of the reforms initiated by the CARD Act and their effects on credit card usage and consumer savings.

Credit Card Usage

Although credit card usage declined from 2006 to 2009, it rebounded soon afterward. As shown in Figure 1, from 2009 to 2012 the number of annual transactions increased substantially for both general-purpose and private-label credit cards.

General-purpose cards are issued by a major electronic payment network, such as Visa and MasterCard; are accepted by a wide variety of merchants; and include credit, debit, and prepaid cards. Private-label cards are merchant specific—usable only at a particular merchant or chain of merchants, such as Target and Macy's, and include credit and prepaid cards. Use of general-purpose credit cards for remote transactions (when the credit card is not present, e.g., online sales) continues to grow. In 2012, they accounted for two-thirds of all remote transactions.

In addition, from 2009 to 2012, the total dollar value of credit card transactions—how much is spent using credit cards—increased. In 2012, the credit card subset of general–purpose cards accounted for the highest dollar value of general-purpose card transactions (53 percent), followed by debit cards (44

continued on Page 2

FIGURE 1

Credit card type	Number of payments*		Annual increase
	2009 (billions)	2012 (billions)	
General-purpose	19.5	23.8	6.8 %
Private-label	1.5	2.4	17.1%
Total	21.0	26.2	7.6%

NOTE: * Payments here refers to purchases.
SOURCE: Federal Reserve System (2013).

percent) and prepaid cards (3 percent).[1] From 2009 to 2012, the total dollar value for general-purpose credit card transactions increased by an average of 9.3 percent per year and 14.6 percent per year for private-label credit cards.[2]

Did the CARD Act make the difference in credit card usage? When implementation of the Act began, the economy was in a **recession**. The increase could be in response to the CARD Act, a weak economy, or both.

Over-Limit Fees

Each credit card carries a credit limit—that is, a maximum amount of money that can be borrowed on that card. Prior to the CARD Act, cardholders who exceeded their limit were automatically charged over-limit fees. From the mid-1990s through 2005, such fees more than doubled, from under $15 to over $30 per month; by 2008, the average monthly fee was $34.80.[3] The CARD Act initiated new rules regarding over-limit fees: First, consumers must opt-in to allow transactions over their credit limit. If they opt- in, they agree to pay over-limit fees. If they do not opt-in, transactions that would exceed their credit limit will be denied. Second, over-limit fees must be reasonable and proportional to the violation and are set at $25 for a first violation and $35 for each subsequent violation within the next six months.

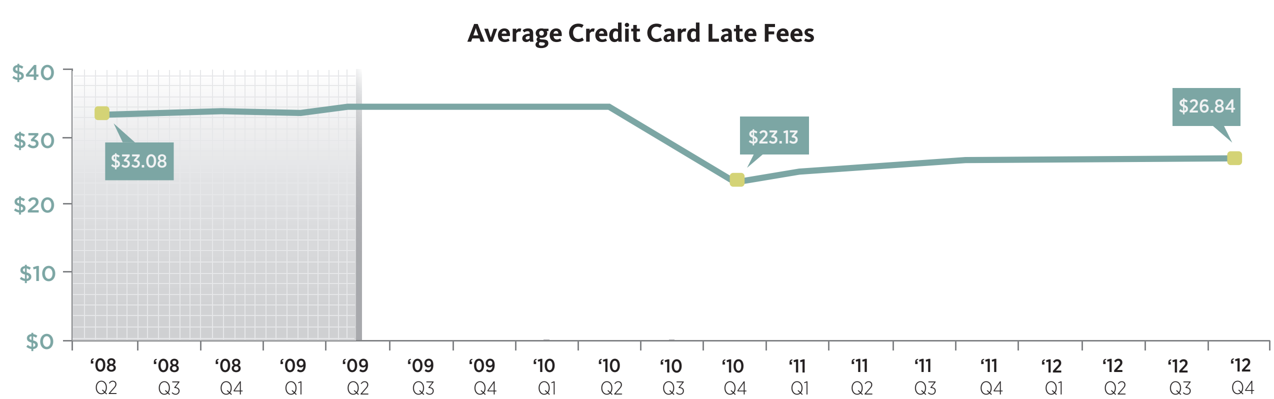
These new limits prevent the run-up in fees allowed prior to the CARD Act. For example, say you were charged an over-limit fee of $35 and then made your minimum payment. If that payment didn't take you below your credit limit, you would be charged the over-limit fee again on your next bill. With the old fee structure, some consumers could—and did—end up owing more and more every month.

Over-limit fees drastically declined after the implementation of the opt-in rule in February 2010, from an incident rate of 7.9 percent of active accounts in the fourth quarter of 2008 to a mere 0.4 percent by the fourth quarter of 2010.[4] Although consumer behavior may have changed independent of the CARD Act, it is likely that the CARD Act is responsible for much, if not all, of the change.

Late Fees

When a credit card payment is not made on time, the cardholder must pay a late fee. Although the CARD Act did not change this fact, it established new rules regarding late fees. First, it redefines "late." Credit card issuers may no longer consider a payment late if the due date falls on a date the issuer does not receive or process mail (e.g., a weekend or holiday) and the payment is received in the mail the next business day. In addition, card issuers must keep the due date the same day each month and mail statements at least 21

FIGURE 2



NOTE: The average is calculated as the total late fees assessed divided by the number of late fees.
The shaded area indicates the period before the passage of the CARD Act.
SOURCE: CFPB Credit Card Database.

days before that due date; statements must include a late-fee warning, the amount of the late fee, and any additional penalty assessed for a late payment. Finally, the Act requires that late fees be reasonable and proportional to the violation: $25 for a first violation and $35 for each subsequent violation within the next six months (the same as over-limit fees). From the mid-1990s to 2005, the average late fee rose from under $15 to over $30 and reached $33.08 by the second quarter of 2008 (see Figure 2).[5] In the two years prior to the implementation of the new late-fees rules, the percentage of active accounts with a late fee ranged from a high of 26.1 percent in the third quarter of 2008 to a low of 24.2 percent in the fourth quarter of 2009.[6] In the first full quarter after the new rules went into effect (the second quarter of 2010), the percentage dropped to 20.0 percent. The percentage remained relatively constant until the second half of 2012, when it increased to 22.2 percent, where it mainly held steady through 2013.

Did the CARD Act make a difference in the number of late fees assessed? Factors independent of the CARD Act, such as an improved economy, may have caused fewer late fees to be assessed. Another possible influence is the decrease in the number of subprime credit card cardholders (those with low credit scores), who are more likely to incur penalty fees. So, the extent to which the Card Act reduced the number of late fees is difficult to know for sure.

Annual Fees

Some credit cards charge an annual fee for the use of the card. Although the CARD Act did not address annual fees, its implementation likely increased these fees as card issuers looked to replace revenue lost because of the new rules. Beginning in the second quarter of 2010, there was an increase in the percentage of accounts with annual fees and in the average dollar amount of annual fees. As a result, in 2012, cardholders paid an additional $475 million in annual fees.[7]

APR Repricing

Credit cardholders pay interest in the form of one or several **annual percentage rates** (APRs) for the balances on their cards. For example, a card may offer an introductory APR that is later raised; purchases made during the introductory period incur the **introductory rate** (until paid off) and later charges incur the higher rate.

Prior to the CARD Act, cardholder agreements established a penalty APR triggered by certain cardholder behaviors. These triggers included delinquency on the account and delinquency on any other account held by the cardholder (a practice known as **"universal default"**). Additionally, cardholder agreements generally contained a provision permitting the issuer to increase the interest rate at any time and for any reason. Many issuers periodically reassessed the risk of their customers' accounts and changed the terms and raised the APRs of those considered more likely to default.

The CARD Act sharply curtailed repricing practices and strictly limits the circumstances in which issuers can increase the APR of existing balances. For rate increases that would affect future transactions, the card issuer is now generally required to give cardholders 45 days' written notice and then reassess the account at least once every six months and lower the interest rate if warranted.

Overall, APR repricing declined after the implementation of the Act in February 2010 and now remains at low levels, falling from 6.7 percent of active accounts in the second quarter of 2008 to 1.5 percent in fourth quarter of 2012.[8]

APRs and Total Cost

As noted earlier, one credit card account may be charged a variety of APRs. In addition to an introductory offer, issuers sometimes offer cardholders limited-time promotional rates, for example, for balance transfers. In this case, cardholders can save money by obtaining a lower interest rate on a balance that they transfer from one card to another: That is, the first card's balance is paid off when the balance is transferred to the second card, which has a lower interest rate. Some credit cards offer **cash advances**, which are available through an ATM or bank, and charge a significantly higher cash-advance APR for this privilege. When an account has different balances at different interest rates, the order in which payments are applied to these various balances will impact the overall cost for the cardholder.

Prior to the CARD Act, payments made on an account with multiple APRs were applied to the balance with the *lowest* interest rate first. Now, card issuers must apply payments to the balance with the *highest* interest rate

ENDNOTES

1 Federal Reserve System (2013, p. 14).

2 Federal Reserve System (2013, p. 41).

3 Consumer Financial Protection Bureau (CFPB; 2013, p. 20).

4 CFPB (2013, p. 21).

5 CFPB (2013, p. 22).

6 CFPB (2013, p. 24).

7 CFPB (2013, p. 25).

8 CFPB (2013, P. 8)

9 CFPB (2013, p. 28).

10 CFPB (2013, pp. 7-8).

11 CFPB (2013, p. 76).

12 Federal Reserve System (2013, p. 32)

13 Federal Reserve System (2012, p. 36).

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Consumer Financial Protection Bureau. "CARD Act Report: A Review of the Impact of the Card Act on the Consumer Credit Market." October 1, 2013; http://files.consumerfinance.gov/f/201309_cfpb_card-act-report.pdf.

Federal Reserve System. "The 2013 Federal Reserve Payments Study: Recent and Long-Term Payment Trends in the United States: 2003-2012; Summary Report and Initial Data Release." December 19, 2013; http://www.frbservices.org/files/communications/pdf/research/2013_payments_study_summary.pdf

J.D. Power. "2013 U.S. Credit Card Satisfaction Study." August 2013.

first. Although the Act doesn't directly set interest rates, this new rule essentially lowers the average rate for accounts with multiple APRs, allowing consumers to pay off balances more quickly.

Looking Forward

Implementation of the CARD Act, originally assigned to the **Board of Governors** of the **Federal Reserve System**, is now the responsibility of the **Consumer Financial Protection Bureau** (CFPB). The Act requires the Bureau to review the **consumer credit** market every two years, an important provision given technological advances and changing trends in consumer behavior. According to the CFPB, an ongoing challenge is "translating regulations related to disclosures largely written for a paper-and-pencil world into the modern electronic world.[9]" For example, **minimum payment** warnings are required only on paper and electronic billing statements. As use of online payment portals grows, more and more consumers may fail to see any minimum payment disclosure—thus defeating the purpose of the rule.

Additional areas of concern noted by the Bureau include add-on products (e.g., debt protection and identify theft protection) and rewards programs (e.g., points that can be used for travel).[10] Deceptive marketing practices regarding add-on products are a specific concern, where the costs and terms of the product are not clear.[11] Reward programs vary widely from card to card and can be difficult to understand and compare. For these and other concerns, the Bureau will continue to assess practices. In keeping with the intent of the CARD Act—to make practices fair and transparent for consumers—they will determine whether additional regulations are warranted.

With increased popularity of online credit card usage, security of personal information and **unauthorized transactions** using credit cards (third-party fraud) is a growing concern. According to the Federal Reserve System, "in 2012, the estimated number of unauthorized transactions (third-party fraud) was 31.1 million, with a value of $6.1 billion. Among the categories measured, 92 percent of the number and 65 percent of the value of total unauthorized transactions were made using general-purpose cards."[12] The Fed further estimates that **card-not-present** fraud (remote transactions) is triple that of card-present fraud.[13] Additional legislative protection may be needed to further protect cardholders.

Conclusion

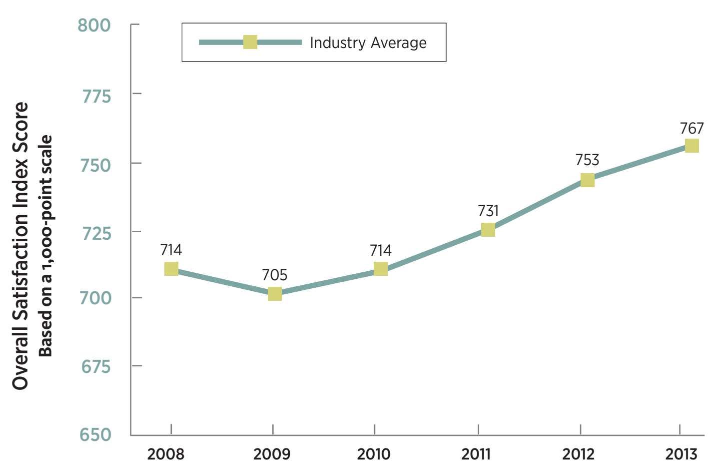
Congress enacted the CARD Act to bring fair and transparent practices to the credit card industry. Consumer savings suggest success: Fees have been capped and must be clearly communicated in advance, saving consumers money and allowing them to make better-informed choices about spending. Over-limit fees, are now practically nonexistent, since the opt-in provision of the Act requires that cardholders must allow over-limit transactions in the first place. The percentage of accounts charged late fees has declined a few percentage points and remains steady, and the average late fee is lower now than in 2008. The ACT sharply curtailed repricing practices, limiting the instances in which fees may be charged and allowing cardholders to pay off balances more quickly.

Overall, the Act required the credit card industry to shift away from complex, often-confusing pricing to pricing that is more predictable and easier to understand. The costs consumers now pay for using credit cards are more directly related to APRs and annual fees, making it easier for them to anticipate costs and avoid fees.

According to J.D. Power (2013), satisfaction of credit cardholders is at an all-time high (Figure 3). Is this satisfaction related to the CARD Act? It is difficult to know for sure, but it seems likely. From 2009 (before the Act) to 2012 (after implementation of the Act), credit card usage increased—both in the number of transactions and the overall value of transactions. This growth may be related to improved satisfaction with the credit card industry. To be sure, the CARD Act brought many improvements and has saved consumers money.

FIGURE 3

J.D. Power Credit Card Satisfaction Index



NOTE: y-Axis does not start at zero.
SOURCE: J.D Power U.S., Credit Card Satisfaction Study,™ 2008-2013;

Glossary

Annual percentage rate (APR) – The percentage cost of credit on an annual basis and the total cost of credit to the consumer.

Board of Governors – A federal government agency that is the centralized component of the Federal Reserve System. The governors guide the policy actions of the Federal Reserve System.

Card-not-present transaction – A card transaction in which the cardholder provides information from the card, including the card number, expiration date, name of cardholder, and security code to a merchant, but the card itself is not physically present to be seen or read by the merchant's equipment.

Cash advance – Obtaining cash from a credit card instead of using the card to make a purchase. The advance is an instant loan, and finance charges are levied on the loan from the time it is obtained until it is paid in full.

Consumer credit – Use of credit for personal purchases as opposed to business purchases.

Consumer Financial Protection Bureau – An independent agency within the Federal Reserve System with the purpose of promoting fairness and transparency for financial products and services.

Credit card – A card that represents an agreement between a lender—the institution issuing the card—and the cardholder. Credit cards may be used repeatedly to buy products or services or to borrow money on credit. Credit cards are issued by banks, savings and loan associations, retail stores, and other businesses.

CARD Act of 2009 – The Credit Card Accountability Responsibility and Disclosure Act of 2009 (CARD Act) is a federal law passed by the U.S. Congress that provided new credit card rules and amended previous acts with regulations prohibiting unfair credit card practices. This law, among other things, requires changes on credit card disclosures, places restrictions on credit card companies by limiting fees and rate increases, and requires consistency in payment dates and times.

Debit card – A plastic card similar to a credit card that allows money to be withdrawn or payments to be made directly from the cardholder's bank account.

Default – Failure to promptly pay interest or principal when due.

Disclosure – The act of revealing information; disclosure by creditors requires APRs and fees charged to be displayed prominently on forms and statements.

Federal Reserve System (The Fed) – The central bank of the United States.

Fees – Money charged to service an account or as a penalty.

Fraud – Intentional and deliberate misrepresentation of facts for profit or gain in violation of laws and regulations.

Interest – The price of using someone else's money; the price of borrowing money.

Interest rate – The percentage of the amount of a loan that is charged for a loan. Also, the percentage paid on a savings account.

Introductory rate – A generally low interest rate offered for a limited time as an incentive to use a credit card.

Minimum payment – The minimum amount a cardholder must pay each month to remain a borrower in good standing.

Recession – A period of declining real income and rising unemployment; significant decline in general economic activity extending over a period of time.

Truth in Lending Act (1969) – A federal law that requires the disclosure of information about the cost of credit. Both the finance charges and APR must be displayed prominently on forms and statements.

Unauthorized transaction (third-party fraud) – A transaction made or attempted by an individual who is not authorized by the account holder or cardholder to use the given payment instrument (e.g., check, credit card, or debit/ATM card) to purchase goods and services, initiate funds transfers, or withdraw cash from an ATM.

Universal default – The practice of applying an increased APR on all of a consumer's credit card accounts—both existing balances and new transactions—when the APR was changed on one account because the consumer engaged in some particular behaviors raising his or her credit risk.

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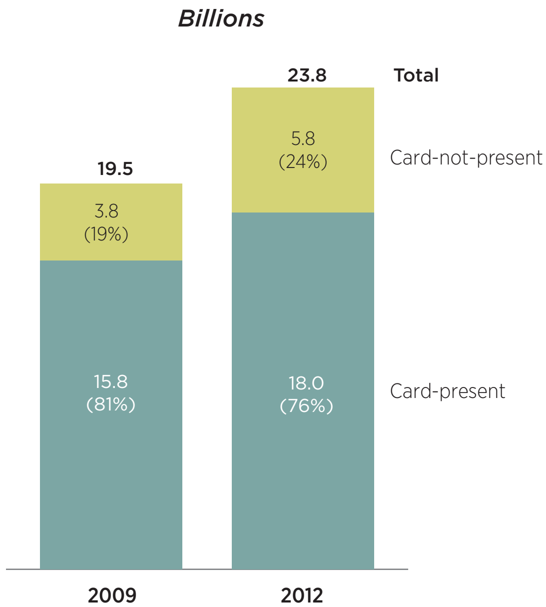
The CARD Act

1. **Based on the chart below, what happened to the number of general-purpose credit card transactions after the CARD Act? Which type of transactions increased the most?**

   General-purpose credit card transactions increased, with card-not-present transactions increasing the most.

Card-Present vs. Card-Not-Present General-Purpose Credit Card Transactions



NOTE: Numbers may not add up due to rounding.
SOURCE: Federal Reserve System (2013, p. 18).

Current Economic Data

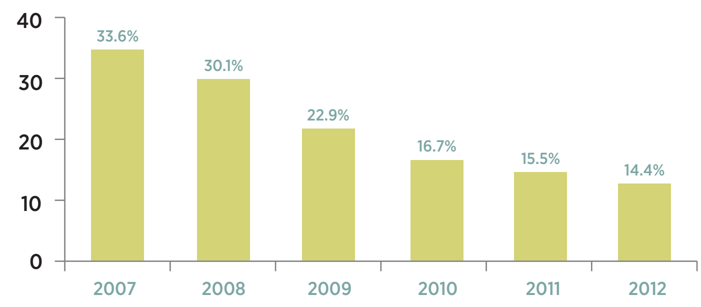
	Q1-'13	Q2-'13	Q3-'13	Q4-'13
Growth rate Real GDP	1.1%	2.5%	4.1%	2.6%*
Inflation rate Consumer Price Index	1.2%	0.4%	2.2%	1.1%
Civilian unemployment rate	7.7%	7.5%	7.2%	7.0%

* Third estimate.
SOURCE: GDP, Bureau of Economic Analysis; www.bea.gov;
unemployment and consumer price index, Bureau of Labor Statistics; www.bls.gov.

2. **The CARD Act included provisions to protect young consumers and reformed how credit cards are marketed and issued to students. Based on the chart below, after the CARD Act, what changed for consumers 18 to 20 years of age?**

   The percent of consumers under 21 years of age who opened a credit card account decreased after the CARD Act. However, the decline started in 2009, prior to the implementation of the CARD Act, so may have been partially caused by the recession.

Percent of Consumers 18 to 20 Years of Age Who Have Opened a Credit Card Account



SOURCE: CFPB Consumer Credit Panel.

The CARD Act

3. **Based on the table on the right, which three-year period saw the largest increase in general-purpose and private-label credit card transactions? Does the CARD Act appear to have affected the number of credit card transactions?**

   The three-year period from 2009 to 2012 saw the largest increase in general-purpose credit card transactions—an increase of 4.3 billion. However, during that same period, private-label credit card transactions increased by the greatest percentage—17.1 percent. These data suggest that the CARD Act increased the number of credit card transactions.

	Number of transactions (billions)				CAGR
Credit card type	2003	2006	2009	2010	2009-12
General-purpose	15.2	19.0	19.5	23.8	6.8%
Private-label	3.8	2.7	1.5	2.4	17.1%
Total transactions	19.0	21.7	21.0	26.6	

NOTE: CAGR, compounded annual rate of growth.
SOURCE: Federal Reserve System (2013, p. 41).

4. **The chart on the right shows interest rates (APRs) for general-purpose credit cards relative to FICO scores before and after the implementation of the CARD Act. Based on the chart, answer the following questions:**

   a. Which range of FICO scores had the highest APR in 2008? In 2012?

   In both 2008 and 2012, the highest APR applied to the lowest FICO scores (600-619).

   b. From 2008 to 2012, how much did the APR change for the highest FICO scores?

   For the highest FICO scores, the APR from 2008 to 2012 increased by 4.2 percentage points (from 13.4 percent to 17.6 percent).

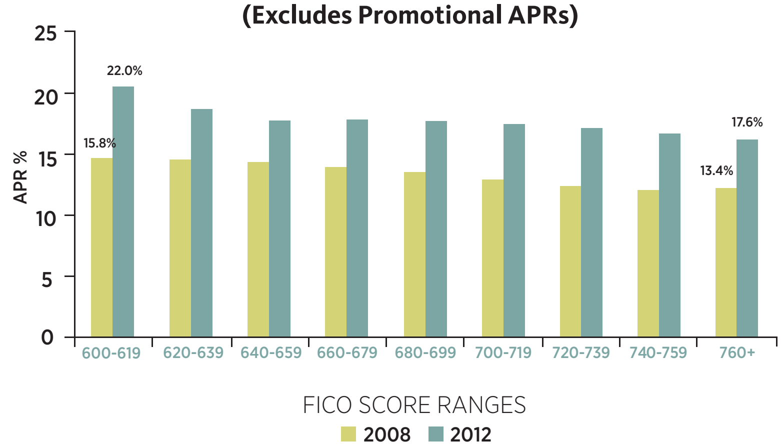
   c. What trend in APRs can be identified for all ranges of FICO scores?

   After the CARD Act, APRs increased for all ranges of FICO scores.

   d. How does a FICO score affect the APR charged?

   In general, the lower the FICO score, the lower the APR charged.

Retail APRs For New General-Purpose Accounts (Excludes Promotional APRs)



Understanding Credit Cards

1. Online credit card transactions continue to increase and third-party fraud is especially high for remote transactions using general-purpose credit cards. How might technology increase credit card security?

Most traditional credit cards store account information on a magnetic strip. A more-secure—and thus more fraud-resistant—card is the smart card. The smart card encrypts and stores data on an embedded microchip that generates a new code each time the card is used. Smart cards are already used in many countries, including limited use in the United States, but U.S. credit card companies are not required by law to make the switch. The cost of changing to the technology is high, so it may take a while to become commonplace in the United States. In 2012 there were about 13.4 million chip-initiated general-purpose credit card transactions in the United States, or 74 of every 100,000 such transactions.

SOURCE: http://www.cnbc.com/id/101412123 and Federal Reserve System (2013, p. 17).

2. Credit card disclosures can be lengthy, printed in small type, and difficult to understand. Does the CARD Act prove helpful to consumers regarding these issues?

The CARD Act did not explicitly mandate changes in the length and form of credit card agreements. However, perhaps because the CARD Act addressed fair and transparent practices, many card issuers voluntarily streamlined the presentation and content of their agreements between 2008 and 2012. For instance, they made agreements shorter on average and consolidated terms and conditions. They also used simpler language. For example, "finance charge" was change to "interest charge."

SOURCE: CFPB (2013, pp. 7 and 65)..

3. Credit cards can be used for cash withdrawals, either at an ATM or by using one of the checks that come with the monthly statement. How do these transactions compare with credit card purchases? Were these transactions affected by the CARD Act?

Card issuers view cash advances and credit card purchases differently. First, the credit limit for each may be different—one limit for purchases and a separate, lower limit for cash advances. Second, purchases have an interest-free grace period: If you pay your bill on time, you will not pay interest. Interest charged on cash advances starts immediately, and there is no grace period. Issuers also charge a fee for each cash advance. This may be a flat fee but is usually a percentage of the cash advance. For example, if you make a $500 cash withdrawal, you could be charged a 5% transaction fee, so you will owe an additional $25 before any interest is charged. In addition, a higher APR is usually charged for cash advances.

The Card Act did not specifically address cash advances. However, because payments must generally be applied to balances with the highest APR first—and cash advances tend to have higher APRs—customers can potentially pay off cash advances more quickly. Possibly in response to this change and to increased revenue from cash advances, card issuers increased cash advance fees from an average of 3.9% in late 2008 to an average of 4.9% in late 2012. As a result, cardholders are taking fewer and smaller cash advances.

SOURCE: CFPB (2013, p. 90).

4. How do credit cards, prepaid credit cards, and debit cards differ?

A credit card allows the cardholder to borrow money—through purchases or cash withdrawals—up to a certain credit limit. The cardholder must repay the card issuer. The balance may be paid all at once (to avoid interest charges) or over time, with interest accrued, through monthly payments. While there is no final date for repayment, the cardholder must make a minimum payment each month.

A prepaid credit card allows people to "load" a specific dollar amount up front onto the card. When a prepaid card is used, the transaction (dollar) amount is automatically withdrawn (paid for) from the value (balance) of the card. Total purchases are limited to the value of the card.

A debit card is tied to the cardholder's bank account. When a debit card is used, the transaction (dollar) amount is withdrawn directly from the cardholder's bank account. Total purchases are limited to the amount of money in the bank account.

ALL LOCATIONS

Whiteboards + Children's Books = Economic and Personal Finance Education

July 21, 2014 | 8:30 a.m. to 3:00 p.m. CDT;
9:30 a.m. to 4:00 p.m. EDT

Registration: http://externalweb.stls.frb.org/newsroom/events/index.cfm?id=544&preview=1
For all locations: Little Rock, Louisville, St. Louis, and Memphis

LITTLE ROCK

Making Economic Connections, Heifer International

June 17, 2014 | 9:00 a.m. – 3:30 p.m. CDT

Federal Reserve Bank of St. Louis—Little Rock Branch
Registration: http://www.stlouisfed.org/education_resources/events/

Tinkering Around with Economics, Museum of Discovery

June 17, 2014 | 9:00 a.m. – 3:30 p.m. CDT

Federal Reserve Bank of St. Louis—Little Rock Branch
Registration: http://www.stlouisfed.org/newsroom/events/index.cfm?id=551

Additional workshops will be held at Arkansas Educational Cooperatives. Visit the Educational Cooperative websites for information and to register.

LOUISVILLE

Life Fundamental$ Summit: Teaching Dollars & Sense

June 23-24, 2014 | 9:00 a.m. – 4:00 p.m. EDT

Holiday Inn, Hurstbourne, Louisville, KY.
Registration: www.econ.org/summit14

Kentucky Career and Technical Education Summer Program

June 22 – 23, 2014 | 8:00 a.m. – 5:00 p.m. EDT

Galt House, Louisville, KY

Registration: Check the KY Association for Career and Technical Education website: https://acteonline.org/acte/

MEMPHIS

Faces and Places: Entertaining Economics

June 3, 2014 | 8:30 a.m. – 3:30 p.m. CDT

Itawamba Community College, Belden, MS
Registration: 662-407-1500 or rakelly@iccms.edu

Presidential Economics

June 17, 2014 | 8:30 a.m. – 3:30 p.m. CDT

Federal Reserve Bank of St. Louis—Memphis Branch
Registration: http://www.stlouisfed.org/education_resources/events/

Personal Finance Training for Secondary Teachers

June 11 – 12, 2014 | 9:00 a.m. – 4:00 p.m. CDT

West Tennessee Research and AG Center
Jackson, TN
Registration: http://fcs.tennessee.edu/hsfpp/index.asp

July 17 – 18, 2014 | 9:00 a.m. – 4:00 p.m. CDT

Agricenter International, Memphis, TN
Registration: http://fcs.tennessee.edu/hsfpp/index.asp

Focus on the Economy

July 30 – 31, 2014 | 8:30 a.m. – 3:30 p.m. CDT

BancorpSouth Arena, Tupelo, MS
Registration: Visit www.mscee.org and click on "Focus on the Economy."

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ST. LOUIS

Get Money Smart!

April 8, 2014 | 3:30 – 7:00 p.m. CDT

Federal Reserve Bank of St. Louis
Registration: www.stlouisfed.org/education_resources/events/

Advanced Placement Economics Conference

June 18 - June 20, 2014 | 3:30 – 7:00 p.m. CDT

Federal Reserve Bank of St. Louis
Registration: www.stlouisfed.org/education_resources/events/

Getting to the Core through Economics and History: A Conference for Middle and High School Teachers

June 17, 2014 | 8:00 a.m. – 3:15 p.m. CDT

Federal Reserve Bank of St. Louis
Registration: www.stlouisfed.org/education_resources/events/

Global Economic Forum

June 30 and July 1, 2014 | 8:30 a.m. – 3:30 p.m. CDT

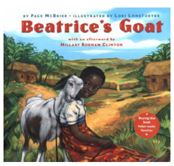
Federal Reserve Bank of St. Louis
Registration: www.stlouisfed.org/education_resources/events/

For Spring

April is National Financial Literacy Month. The Federal Reserve Bank of St. Louis supports financial literacy by providing classroom-ready resources and professional development programs for educators. (See the Bulletin Board section of this newsletter.) Here are some resources for teaching personal finance content and skills in the K-12 classroom.

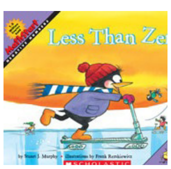
K-5

BEATRICE 'S GOAT



In this lesson students listen to the story of Beatrice and her family. The students learn what it means to save and use estimation to decide whether or not people have enough money to reach a savings goal. They also work through a set of problems requiring them to identify how much additional money people must save to reach their goals. Students learn what opportunity cost is and identify the opportunity costs of savings decisions made by Beatrice and her family.

LESS THAN ZERO



Students learn about saving, savings goals, interest, borrowing and opportunity cost by reading *Less Than Zero*. Students use a number line and a line graph to track spending and borrowing in the story.

6-8

NO-FRILLS MONEY SKILLS

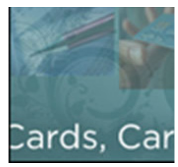
This video series covers a variety of personal finance topics. The brief videos use clear, simple language and graphic elements so that viewers can better visualize the personal finance content presented. In the end, they will see how important these concepts are to their everyday lives.

9-12

PERSONAL FINANCE 101 CHATS

Chats in the form of instant messages will help students learn basic personal finance skills, such as using prepaid debit cards and getting a car loan.

CARDS, CARS, AND CURRENCY ONLINE COURSE



This is a set of five personal finance online programs encourages participants to learn about three areas of personal finance: credit cards, debit cards, and purchasing a car. The programs can be used together or individually to enhance personal finance learning.

CREDIT CRED ONLINE COURSE

Credit can be a powerful tool when you know how to use it wisely. This course teaches about different types of credit and the costs associated with using credit. Participants learn the importance of building strong credit by borrowing wisely and paying promptly, arranging credit for making major purchases such as a car or home, avoiding common credit mistakes, and monitoring their own credit. They also learn about credit reports, your credit scores, and steps they can—and should—take to build their own credit cred!

IT'S YOUR PAYCHECK ONLINE COURSE

This set of 9 lessons is designed to introduce participants to a variety of personal finance topics, including the link between education and income, budgeting, the benefits of saving, and credit reports. These lessons help participants make sense of W-2s, W-4s, pay-day loans, and APRs in an interactive online format. .

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