Understanding Credit

A lesson on credit and debt for grades 6–8
Understanding Credit

A lesson on credit and debt for grades 6–8

Lesson description

In this lesson, students will learn key facts about credit, including how interest rates can be different, that using credit cards is a form of a loan, and more. The lesson begins with students rating their current level of understanding about credit. Students then participate in a snowball toss in which they crumple pieces of paper showing statements about credit. Students sort the statements as either true or false and then discover whether or not they were correct. Each student then writes a statement about credit which is then added to by classmates. The lesson concludes with students re-rating their knowledge level.

Objectives

Students will be able to:

• Give examples of the types of credit
• Explain how interest rates can be different
• Describe when people can begin to get credit

Lesson at-a-glance

<table>
<thead>
<tr>
<th>Section</th>
<th>Purpose</th>
<th>Approximate time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>Introduce the presenter and the topic of the lesson</td>
<td>5–10 minutes</td>
</tr>
<tr>
<td>Activity: Credit true/false snowballs</td>
<td>Students participate in a “snowball” toss and determine whether statements about credit are true or false</td>
<td>30–40 minutes</td>
</tr>
<tr>
<td>Activity: Make your own credit snowball</td>
<td>Students write statements about credit and add supporting details or questions to their classmates’ statements</td>
<td>15–20 minutes</td>
</tr>
<tr>
<td>Closing</td>
<td>Students are encouraged to make sure they understand the details about a credit arrangement or offer before using it</td>
<td>5–10 minutes</td>
</tr>
</tbody>
</table>

**Total time** 55–80 minutes
Materials: Arrive prepared.

- **Credit true/false snowball handout**—one copy
  - Note: Determine in advance how many students will be participating in the lesson. If there are more students than statements on the handout, make duplicate copies of some pages.
- **Credit true/false snowballs answer key handout**—one copy per facilitator
- **True and False handout**—one copy
  - Attach these to the walls before the lesson begins or as noted in the Credit true/false snowball activity.
- **Masking or painters tape**—one roll
- **Blank sheets of paper**—one per student
- **Understanding Credit post assessment**—one for each student (OPTIONAL)

Background: Understand the topic.

At the middle school level, students should be introduced to various forms of **credit** and some of the factors which influence the costs of borrowing. Students should understand that traditional **loans** such as those for a home or vehicle as well as **credit cards** are all forms of borrowing or credit. They should also understand that financial institutions are able to offer people loans by charging a percentage of the loan as **interest**. This amount is calculated as a percentage of the amount which is borrowed, the **principal**. The percent of interest that is charged is called the interest rate. To compare offers, borrowers should look at the **annual percentage rate** or APR.

When presenting lessons on credit, be sure to remain neutral on the use of credit. Share both the benefits or advantages of using credit as well as the potential risks or disadvantages. At this age, stick to the basics such as the ability to pay for large purchases and the risk of spending too much. More advanced considerations such as the impact on a person’s credit report or score should be saved for when they are older.

Vocabulary: Use grade-appropriate definitions.

- **Annual percentage rate (APR)**: The rate of interest charged on borrowed money for an entire year, which includes the effects of fees and other added costs.
- **Credit**: A financial tool that allows a person to buy something now and pay for it later.
- **Credit card**: A card issued by a financial institution that gives the holder access to credit for purchases and other transactions.
- **Interest**: Money paid at a specified rate for money that is borrowed, deposited in a bank, or owed to a lender.
- **Interest rate**: The rate at which a lender charges a borrower, or a financial institution offers a person who deposits money there.
- **Loan**: A sum of money borrowed from a bank or other financial institution that is expected to be paid back with interest.
• **Principal**: A sum of money originally invested or borrowed.
• **Term**: A fixed period of time over which a loan is paid.

**Delivery**: *Decide on the format.*

This lesson can be conducted with an entire class or in small groups. For each activity, there are several facilitation options provided. Be sure to review the options in advance and determine which one will work best given the setting, number of facilitators, etc. In some cases, the facilitation option you select will influence the number of handouts needed.

**Differentiation**: *Be aware of your audience.*

When conducting a lesson on credit and debt, it is important to consider the students and their experiences. Be prepared to acknowledge the range of experiences and backgrounds. Touch base with your classroom teacher in advance to inquire about the student population you will encounter. Below are several examples of situations you may encounter.

• Keep in mind that some students may have parents/guardians with strong feelings about the use of credit. For example, some families may avoid using credit altogether. Others may rely on credit to get by or manage fluctuations in income. Encourage students to explore both the benefits and risks associated with credit.

• The ability of a student to become an authorized user on a parent or guardian’s credit card account will vary depending on the financial institution or lender and the family’s financial situation.

**Tips for PwC facilitators**: *Make the most of your time in the classroom.*

Before facilitating this lesson for the first time, consider the following:

• Read through the entire lesson in advance.

• Touch base with the classroom teacher to make sure you know when to arrive, the process for entering the building, the room setup, photo release protocol, and any available technology. For example:
  — Where should you park? Where should you enter the building? Will you find your own way to the classroom or will someone meet you?
  — What is the room set up (individual desks, tables and chairs, etc.)? Will you have access to a whiteboard?
  — Are you allowed to take photos during the lesson? Remember, you are required to get specific written consent from parents/guardians before taking photos of minors. How will you handle the students whose parents/guardians have not given consent?
  — If you opt to use the post-assessments, should students take it using paper and pencil or online with school-provided devices? Will the teacher want to collect the assessments and forward the results, or should you collect them?

• If you will be presenting with another facilitator or team, consider each person’s strengths when deciding who will lead various sections of the lessons, how students will be organized during the lessons, and who is responsible for preparing the materials.
• Remember that adults in most high schools are addressed formally using their title (Mr./Mrs./Ms.). Plan to address the teacher and any of your colleagues in this manner, even if you would normally call each other by first names.

**Educator insights: Adapt this lesson for your classroom.**

PwC is pleased to offer these lessons for use by classroom teachers to support or augment their financial education efforts. Please recognize that the materials were designed for employees to use as facilitators when visiting a class. Therefore, some sections (such as the introduction) may be unnecessary. Feel free to adapt the materials in whatever way makes the most sense for your classroom including the optional extension activities at the end of the lesson.

---

**Teach**

**Opening (5–10 minutes)**

- Thank the teacher and introduce yourself to the class. Explain to the students that PwC is a professional services firm that is committed to providing all students with financial literacy education through its program, *Access Your Potential®*. In simple terms, explain what you do at PwC and how it relates to what the students will be learning during the lesson.
- Let students know that you are there to help them learn more about credit and how it works.
- Ask students how confident they feel in their understanding of what credit is and how it works. Direct them to rate their confidence on a scale of 1 (very low confidence) to 5 (very high confidence) and show their answer by raising a hand showing that number of fingers. Demonstrate by raising your hand with three fingers and saying, “If I felt somewhat confident, I would raise three fingers like this.”
- Observe and comment on the responses students give with their raised hands. For example:
  - “I see many of you are very confident.”
  - “Looks like some of you are very confident and others are less so.”
- Acknowledge student responses and assure students that your goal today is to increase their understanding of credit.

**Activity: Credit true/false snowballs (30–40 minutes)**

**Set up**

- If you haven’t already done so, attach the True and False handout sheets to opposite walls of the room. Point out their location to the students.
- Let students know that you will be having what you call a “credit true/false snowball toss.” Each student will receive a statement on a sheet of paper. When they get it, they should ball up the piece of paper—their “snowball.” Students should hold onto their snowballs until you say “go.” They should

---

**Facilitation options:**

In advance of the lesson, consult with the teacher to make sure he or she thinks students will be able to maintain the “controlled chaos” of this activity. If not, you may skip the interactive portion by tossing all of the pre-crumpled snowballs in the air yourself and having students retrieve them for the next part of the activity.
then toss their snowball in the air. Be clear that no snowballs should be thrown at another person or in a way that might disrupt the room. Students may continue picking up snowballs and re-tossing them until you say “freeze.”

Implementation

• Distribute one page from the Credit true/false snowballs handout to each student. As noted in the materials section, you may need to give the same statement to more than one student with a large group. If there are more statements than students, give additional sheets to some students so that all are used.

• Allow time for students to make their snowballs by crumpling the sheet of paper into a ball. Give the direction for them to begin by saying, “go.” After the balls have been adequately dispersed say, “freeze.”

• Direct students to pick up a nearby snowball. Everyone should have one ball (more if there were less than 30 students in the class). If needed, search for any balls that may have landed beneath a desk or elsewhere until all have been retrieved.

• Invite students to open their snowballs and read the statements to themselves. Each student should decide if they think the statement is true or false. If desired, they may confer with a classmate.

• Direct students to take their statements and stand on the side of the room that matches their response, true or false. Assure students that some of the statements are tricky and it is okay if they need to guess.

Conclusion

• Using the Credit true/false snowballs answer key handout, review each statement. If needed, ask students to move to the other side of the room to be in the correct position.

• Once all statements have been reviewed, congratulate the students on a job well done.

Activity: Make your own credit snowball
(15–20 minutes)

Set up

• Inform students that they will now be creating their own snowball statements.

• Distribute a blank sheet of paper to each student.

Implementation

• Invite students to write their names on the paper along with something they learned from the previous activity.

Facilitation options:
If the teacher is okay with it, the students may attach their statements to the walls rather than stand with them. If so, provide a piece of tape to each student when they are deciding whether the statement is true or false. This option allows student responses to be more anonymous, but teacher consent is required as some schools discourage the use of tape on the walls.

Facilitation options:
If there is more than one facilitator available, divide the class into small groups to debrief the answers. Similarly, the next activity, Make your own credit snowball, can be conducted at a table with a small group of students rather than the entire class.
• Direct students to again crumple their paper into a ball and toss them into the air. This time students should only toss each ball once.

• Ask students to pick up a nearby snowball. This time, they should read the statement and add a supporting detail or question that connects to what the previous student already wrote. Direct students to write their names next to what they added.

• Provide an example of a detail or question such as, “If the first person wrote that interest rates are important. An example of an additional detail would be that interest rates are expressed as a percent. Or, you might add that you wonder what current interest rates are for a car loan or credit card.”

• If desired, connect this activity with how students might make an actual snowball larger by starting with a small handful of snow, adding a little bit more at a time, and re-packing it as more snow is added.

• Repeat these two steps as time allows. Remind students to add something new or different with each toss (i.e., not to repeat what someone else already wrote). Ideally, each piece of paper should have at least two to three supporting statements added to it.

Conclusion

• Direct students to return their snowball to the person who first wrote on it.

• Invite students to read what was added to their statement. Ask for several volunteers to share what they wrote and what was added by others. Acknowledge student responses and clarify any points made or questions asked.

Closing (5–10 minutes)

• Remind students that it is important to understand the details about a credit arrangement or offer before using it.

• They can accomplish this by reading the “fine print” of what is being offered and asking for assistance from someone with more knowledge or experience with credit.

• (OPTIONAL) Distribute a copy of Understanding How Credit Works post assessment to each student. Direct students to answer the questions. Inform them that they do not need to put their name on the assessment unless the teacher wishes to keep a copy for grading purposes.

• Thank the students and the teacher for letting you come and talk to the class about credit and debt.

Extend

Teacher-led follow up ideas

Bulleted list of ways the educator can extend the lesson once the facilitator leaves. Each list will include a mention of a corresponding module from the Digital Classroom, such as:

• Use the Mission to Konfido module in the intermediate level of the Earn Your Future ® Digital Classroom (https://app.pwcfdnearnyourfuture.org/) to help students learn even more about income and careers. This resource made possible by the PwC Charitable Foundation, Inc.®, is designed for students in grades 3–12 and can be delivered in multiple formats (classroom, small group, or individually) and has accompanying educator resource guides to assist in delivery. Students can engage with financial literacy
concepts through innovative self-paced modules featuring custom videos, animations, and interactive activities. A free teacher login is required to access the modules.

- Direct students to take digital photos of the snowball statements they wrote with their classmates’ responses. Invite them to reflect on what they’ve learned in a blog post.

- Provide students with opportunities to calculate the cost of using credit. Make sure they understand that calculations of simple and compound interest apply to borrowing money and saving it. The difference is that with credit, they are paying interest rather than it being earned.

- Challenge students to research the interest rates being offered to individuals for a variety of forms of credit including credit cards, home loans or mortgages, and vehicle loans. Extend this further by having students also research the interest rates paid on savings. Discuss why banks are only able to operate if they can earn more money from their loans than they offer for their savings products.

- Invite students to interview a family member or other adult about their use of credit. When was the first time they used credit? Do they think using credit is wise? Are there certain uses of credit that they think are better than others?
### Standards correlation

This lesson is correlated to the National Standards for Financial Literacy from the Council for Economic Education available at [http://www.councilforeconed.org/resource/national-standards-for-financial-literacy/](http://www.councilforeconed.org/resource/national-standards-for-financial-literacy/). Standards are classified as primary or secondary. Primary standards are addressed directly and thoroughly. Secondary standards are addressed indirectly or partially.

<table>
<thead>
<tr>
<th><strong>Primary</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Using credit:</strong></td>
</tr>
<tr>
<td>• People who apply for loans are told what the interest rate on the loan will be. An interest rate is the price of using someone else’s money expressed as an annual percentage of the loan principal.</td>
</tr>
<tr>
<td>• The longer the repayment period on a loan and the higher the interest rate on the loan, the larger is the total amount of interest charged on a loan.</td>
</tr>
<tr>
<td>• A credit card purchase is a loan from the financial institution that issued the card. Credit card interest rates tend to be higher than rates for other loans. In addition, financial institutions may charge significant fees related to a credit card and its use.</td>
</tr>
<tr>
<td>• Borrowers who use credit cards for purchases and who do not pay the full balance when it is due pay much higher costs for their purchases because interest is charged monthly. A credit card user can avoid interest charges by paying the entire balance within the grace period specified by the financial institution.</td>
</tr>
<tr>
<td>• Various financial institutions and businesses make consumer loans and may charge different rates of interest.</td>
</tr>
<tr>
<td>• Interest rates on loans fluctuate based on changes in the market for loans.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Secondary</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Using credit:</strong></td>
</tr>
<tr>
<td>• Lenders charge different interest rates based on the risk of nonpayment by borrowers. The higher the risk of nonpayment, the higher the interest rate charged. The lower the risk of nonpayment, the lower the interest rate charged.</td>
</tr>
<tr>
<td>• People can use credit to finance investments in education and housing. The benefits of using credit in this way are spread out over a period of time and may be large. The large costs of acquiring the education or housing are spread out over time as well. The benefits of using credit to make daily purchases of food or clothing are short-lived and do not accumulate over time.</td>
</tr>
</tbody>
</table>
Understanding Credit

Credit true/false snowball handout

#1

There are different forms of credit such as loans and credit cards.
Understanding Credit

Credit true/false snowball handout

#2

A credit card is a form of a loan.
Understanding Credit

Credit true/false snowball handout

#3

When you apply for a loan, you will be told the interest rate.
Understanding Credit

Credit true/false snowball handout

#4

A loan’s principal is the amount you pay back.
#5

The longer you have to repay a loan and the higher the interest rate, the less you will pay in interest.
Understanding Credit

Credit true/false snowball handout

#6

Credit card interest rates are usually lower than rates for other loans.
#7

A credit card user can avoid interest charges by paying the entire balance when the bill is due.
Understanding Credit

Credit true/false snowball handout

#8

A person can expect to pay the same amount of interest on a loan no matter what bank or credit union they use.
#9

Interest rates on loans fluctuate based on changes in the market for loans.
#10
Riskier borrowers are likely to be charged lower interest rates.
Understanding Credit

Credit true/false snowball handout

#11

The higher the interest rate, the more you will pay in interest.
Understanding Credit

Credit true/false snowball handout

#12

The term of a loan is how long it will take you to pay it back.
Understanding Credit

Credit true/false snowball handout

#13

Many people use loans to pay for large expenses such as college or a home.
Understanding Credit

Credit true/false snowball handout

#14 Credit cards and debit cards are basically the same thing.
#15

Most credit cards have a maximum amount that can be charged.
Understanding Credit

Credit true/false snowball handout

#16
If you pay the minimum monthly payment on a credit card bill, then you won’t owe any interest.
Understanding Credit

Credit true/false snowball handout

#17

All credit cards have an annual fee that you must pay to the credit card company.
You cannot have a credit card or sign for a loan until you are eighteen.
#19

People under the age of 21 may have a harder time getting credit.
Understanding Credit

Credit true/false snowball handout

#20

All credit cards have the same credit limit.
Understanding Credit

Credit true/false snowball handout

#21

Using a credit card subtracts money from your checking account.
Understanding Credit

Credit true/false snowball handout

#22

A variable rate loan means the interest rate can change over time.
Understanding Credit

Credit true/false snowball handout

#23

It is a good idea to shop around for the best interest rate before using credit.
Understanding Credit

Credit true/false snowball handout

#24

The APR of a loan is the anticipated payment rate.
Understanding Credit

Credit true/false snowball handout

#25

A disadvantage of using credit is the temptation to overspend.
Understanding Credit

Credit true/false snowball handout

#26

Credit card companies cannot change the interest rate on a credit card.
Understanding Credit

Credit true/false snowball handout

#27

An advantage of using credit is that you can make large purchases and pay them off over time.
#28
Making a late payment can result in being charged a fee.
Understanding Credit

Credit true/false snowball handout

#29

All borrowers will be offered the same interest rate for the same loan.
Understanding Credit

Credit true/false snowball handout

#30
You can get your first credit card when you turn 16.
Understanding Credit

Credit true/false snowball answer key handout.

1. There are different forms of credit such as loans and credit cards. **True.** Loans and credit cards are both forms of loans.

2. A credit card is a form of a loan. **True.** When a person buys something using a credit card, the bank is allowing them to pay for it later.

3. When you apply for a loan, you will be told the interest rate. **True.** The law requires lenders to inform borrowers of the interest rate.

4. A loan’s principal is the amount you pay back. **False.** The principal is actually the amount you borrow.

5. The longer you have to repay a loan and the higher the interest rate, the less you will pay in interest. **False.** When you take longer to repay or have a higher interest rate, it will cost even more.

6. Credit card interest rates are usually lower than rates for other loans. **False.** Credit card interest rates are usually higher than rates for other types of loans such as home, car, or student loans.

7. A credit card user can avoid interest charges by paying the entire balance when the bill is due. **True.** As long as the total amount is paid before the credit card company’s “grace period,” no interest will be charged. This is what people who “pay their bill off every month” do in order to have the convenience of a credit card without paying any interest.

8. A person can expect to pay the same amount of interest on a loan no matter what bank or credit union they use. **False.** Different lenders offer different interest rates. That is why it is wise to shop around before getting a loan.

9. Interest rates on loans fluctuate based on changes in the market for loans. **True.** Interest rates are influenced by a number of factors in the economy, including rates set by the Federal Reserve Board of Governors.

10. Riskier borrowers are likely to be charged lower interest rates. **False.** Risky borrowers are less likely to repay their loans on time. For this reason, lenders make them pay a higher interest rate.

11. The higher the interest rate, the more you will pay in interest. **True.** The interest rates are calculated as a percentage, so the two are directly proportional. Higher interest rates mean higher amounts of interest. Lower rates mean lower interest amounts.

12. The term of a loan is how long it will take you to pay it back. **True.** Loan terms vary. Home loans are often paid back over a term of 15 or 30 years. Auto loans are usually shorter (two to seven years).

13. Many people use loans to pay for large expenses such as college or a home. **True.** Without loans, many people would not be able to afford large expenses such as a home.

14. Credit cards and debit cards are basically the same thing. **False.** Credit cards are loans with monthly bills for all purchases. Debit cards take money directly from a person’s account when the transaction is made.

15. Most credit cards have a maximum amount that can be charged. **True.** This is called the credit limit.
Understanding Credit

Credit true/false snowball answer key handout.

16. If you pay the minimum monthly payment on a credit card bill, then you won’t owe any interest. **False.** To avoid paying interest, you pay the total amount that is due.

17. All credit cards have an annual fee that you must pay to the credit card company. **False.** Only some credit cards have an annual fee. Find out about this when you apply.

18. You cannot have a credit card or sign for a loan until you are eighteen. **True.** Minors are not allowed to apply for credit on their own. However, parents may be able to add teens to their accounts as authorized users.

19. People under the age of 21 may have a harder time getting credit. **True.** Between the age of 18 and 21, a person needs to have income that can be verified or a co-signer in order to get a credit card. This change was required by law because many teens were getting themselves into unmanageable amounts of credit debt.

20. All credit cards have the same credit limit. **False.** Credit limits can vary widely from one person to another.

21. Using a credit card subtracts money from your checking account. **False.** This is how a debit card works—not a credit card.

22. A variable rate loan means the interest rate can change over time. **True.** Variable means change. A loan with a variable rate can change for different reasons. It is smart to find out what triggers the change and how much it can change. For example, is there a maximum interest rate that can be charged?

23. It is a good idea to shop around for the best interest rate before using credit. **True.** Different lenders charge different rates to be competitive. Shopping around can get people a better deal.

24. The APR of a loan is the anticipated payment rate. **False.** APR stands for annual percentage rate. This is the amount people should look at when comparing interest rates from one lender to another.

25. A disadvantage of using credit is the temptation to overspend. **True.** Studies have shown that people often spend more when using a credit card than if they were paying cash.

26. Credit card companies cannot change the interest rate on a credit card. **False.** Interest rates are often changed when people are late on their payment or fail to make a payment.

27. An advantage of using credit is that you can make large purchases and pay them off over time. **True.** This is the only way many people can afford to do things like buy a home or vehicle.

28. Making a late payment can result in being charged a fee. **True.** The amount of the charge will depend on the lender.

29. All borrowers will be offered the same interest rate for the same loan. **False.** Borrowers with higher risk will be charged more.

30. You can get your first credit card when you turn 16. **False.** You must be 18 to obtain credit in your own name.
TRUE
FALSE
Understanding Credit

Post-assessment

Section 1: Please select the correct answer for each of the following questions.

1. Which of the following statements is FALSE?
   a. Credit card interest rates are usually lower than rates for other loans.
   b. Interest rates on loans fluctuate based on changes in the market for loans.
   c. It is a good idea to shop around for the best interest rate before using credit.
   d. Many people use loans to pay for large expenses such as college or a home.

2. Credit and debit cards are different because debit cards:
   a. are loans that are paid back.
   b. subtract money directly from your checking account.
   c. charge interest on purchases.
   d. are not accepted at as many places as credit cards.

3. The amount you pay a lender to borrow money is called the:
   a. Principal
   b. Credit limit
   c. Interest
   d. Term

4. Which of the following statements are TRUE? Select all that apply.
   a. Higher interest rates are charged to riskier borrowers.
   b. Lower interest rates are charged to riskier borrowers.
   c. The higher the interest rate, the more you will end up being charged in interest.
   d. The lower the interest rate, the more you will end up being charged in interest.

Section 2: Please choose the number on the scale that best indicates how strongly you agree or disagree with the following statements:

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly disagree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>I understand ways people use credit.</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>I feel confident making decisions about credit.</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>I am interested in learning more about using credit.</td>
<td>1</td>
<td>5</td>
</tr>
</tbody>
</table>

Section 3: Circle your grade level.
K 1 2 3 4 5 6 7 8 9 10 11 12
Understanding Credit

Post-assessment  | Answer key

Section 1: Please select the correct answer for each of the following questions.

1. Which of the following statements is FALSE?
   a. Credit card interest rates are usually lower than rates for other loans.
   b. Interest rates on loans fluctuate based on changes in the market for loans.
   c. It is a good idea to shop around for the best interest rate before using credit.
   d. Many people use loans to pay for large expenses such as college or a home.

2. Credit and debit cards are different because debit cards:
   a. are loans that are paid back.
   b. subtract money directly from your checking account.
   c. charge interest on purchases.
   d. are not accepted at as many places as credit cards.

3. The amount you pay a lender to borrow money is called the:
   a. Principal
   b. Credit limit
   c. Interest
   d. Term

4. Which of the following statements are TRUE? Select all that apply.
   a. Higher interest rates are charged to riskier borrowers.
   b. Lower interest rates are charged to riskier borrowers.
   c. The higher the interest rate, the more you will end up being charged in interest.
   d. The lower the interest rate, the more you will end up being charged in interest.