

Topic: Money Management

Activity: Contracts and Getting Help from Someone You Trust: A Critical Incident for Refugees

Objective

- ✓ Participants will consider the risks of signing contracts they do not fully understand, such as credit card offers
- ✓ Participants will consider the importance of getting help from someone you trust when signing contracts or making large purchases

Lesson Time

30 minutes

Materials

- ☐ Critical incident (included)
- ☐ Optional: Flipchart paper, markers, tape

Introduction

Recently resettled refugees are likely to be unfamiliar with financial contracts such as credit card offers. Those with limited English skills are particularly vulnerable to offers that advertise free or interest-free introductory periods but charge very high interest rates months later. In order to save money and establish good credit histories, refugees should ask someone they can trust to clarify information. This person should not be involved in selling something or making the offer.

Practice

(Note: Feel free to change names to reflect your participants.)

1. Put participants into small groups of 2-4 and ask each group to choose a spokesperson.
2. Read “Contracts and Getting Help from Someone You Trust: A Critical Incident for Refugees” aloud, pausing after each set of reflection questions.
3. In small groups, participants discuss the reflection questions. Listen in on the discussions to check for understanding.
4. After the last set of reflection questions, bring the large group together and ask the spokesperson from each group to summarize the main ideas from their group discussions. Discuss as necessary.

Reflection Questions

- What happened in this critical incident?
- Why does Daoud owe more money than the original cost of the computer?
- What should Daoud do now?
- What could Daoud have done differently?

Variations

- Give flipchart paper to each small group and have groups draw and present the highlights of their discussion.
- If literacy levels allow, prepare flipchart paper with reflection questions for each small group and have groups write and present their answers.
- Bring examples of credit card offers or advertisements to discuss.

Contracts and Getting Help from Someone You Trust: A Critical Incident for Refugees

Daoud* recently resettled in the United States. He knows that establishing a good credit history is important in the U.S., so after he finds a job, he pays his travel loan each month until it is fully repaid. Daoud then decides he wants a computer. He calculates what he can afford and goes to an electronic store.

At the store, the computers cost more than he can afford. However, a sales clerk tells Daoud that if he applies for a credit card, he will have a “6-month interest-free period.” Daoud is confused. He knows a credit card will allow him to pay for things gradually like he paid for his travel loan, but he doesn’t understand the meaning of a “6-month interest-free period.” He thinks the credit card will allow him to have the computer for 6 months for free, but he is not sure.

Stop and reflect:

- Why did Daoud calculate what he can afford before going to the store?
- Why should Daoud get more information about the credit card before making a decision?
- Who can Daoud ask for more information and/or help?

Daoud wants a computer very much, so he trusts the sales clerk, signs the paperwork for a credit card, and uses it to get the computer. Over the next 6 months he ignores his bills and instead saves his money, thinking he can send the full amount later. After 6 months, however, Daoud gets an expensive bill in the mail. The bill is for the cost of the computer plus “interest” for missing the “minimum payment” and an “annual fee.” Daoud does not understand these terms, but now he owes much more money than the original cost of the computer. His credit history is also affected negatively.

Stop and reflect:

- Why does Daoud owe more money than the original cost of the computer?
- What should Daoud do now?
- What could Daoud have done differently?