

Consumer Education: Financial Literacy

Lesson 4: Contracts

Time of lesson: Approximately 45 minutes

Overview: This lesson covers fundamentals about contracts for services such as cell phone usage and gym memberships with an emphasis on consumer protections.

Objectives: Students will learn the basics of how contracts work and how Ohio's laws help protect consumers in the marketplace by providing a right to cancel within a specified period of time for certain products and services.

Materials:

- Lesson 4 PowerPoint
- Markers
- Poster Paper
- Warranties (optional)

Activities:

1. Contract Review (group activity)

Collect, or request that students collect and bring to class, two consumer contracts (either blank contracts from stores or copies of actual completed contracts with personal information removed). Ask students to compare the contracts and explain which details are particularly important. Emphasize the importance of reading the fine print to look for the total price, extra fees, cancellation policies and verbal promises (to ensure they are put in writing).

2. Warranties (group activity)

Collect, or request that students collect and bring to class, two warranties. Suggest that students may find companies' warranties online. Divide the students into small groups giving each group three warranties to evaluate. Have students evaluate and compare each warranty, using the tips and information from the warranty section of the classroom lesson. Ask each group to list the pros and cons of each warranty. Then have them choose the best warranty explaining why they feel it is the best.

3. Service contract (homework)

Ask students to contact a dealer of a major home appliance such as an air conditioner or furnace, and request information about their available service contracts. They should be prepared to inquire about important aspects including the cost, what the service contract covers and for how long. Based on that information, have students write a brief description of the service contract and recommend whether a consumer should purchase it along with their new major home appliance.

Standards:

Ohio Department of Education: Financial Literacy Academic Content Standards - Financial Literacy

Consumerism:

Informed purchasing decisions are essential for responsible financial management. Limited protections against some consumer fraud exist in government regulatory agencies and laws. Ultimately, consumers must be informed and vigilant when making purchasing decisions.

Standards Updated: 6/12/2012