LESSON PLAN

Borrowing Money

IT'S A MONEY THING®

INCLUDED IN THIS PACKAGE

- **LESSON PLAN** *(2 pages)*
- **ACTIVITY** *(3 pages)*
- **QUIZ** *(1 page)*
- **ACTIVITY ANSWER KEY** *(1 page)*
- **QUIZ ANSWER KEY** *(1 page)*

COLLECT FROM YOUR LIBRARY

- **VIDEO JR4** *(Borrowing Money)*
- **PRESENTATION JR4** *(Borrowing Money)*
- **ACTIVITY SHEET JR4** *(Borrowing Money)*
- **COMIC JR4** *(Borrowing Money)*



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LESSON PLAN

Borrowing Money

GRADES
4 to 5

TIME
45 minutes



OVERVIEW

This lesson introduces students to the concept of interest and invites them to consider the cost of borrowing money. Students will think critically about what motivates people to borrow money. They will also practice identifying helpful and harmful borrowing practices.

GOALS

- Help students recognize popular forms of borrowing money
- Introduce students to the concept of interest
- Provide students with a variety of examples to inform their own borrowing choices

OBJECTIVES

- List two forms of borrowing money: credit cards and loans
- Define interest as the price you pay for using someone else's money
- Identify and analyze responsible and irresponsible borrowing behaviors

ASSESSMENT

An optional quiz has been provided with this lesson plan (the quiz is not factored into the lesson's 45-minute runtime).

Did you know? *If you took all the credit cards currently in circulation and placed them end to end, the resulting chain would be long enough to wrap around the Earth approximately three and a half times!*

MATERIALS

- ☐ **VIDEO JR4**—*Borrowing Money*
- ☐ **PRESENTATION JR4**—*Borrowing Money*
- ☐ **ACTIVITY**—*Borrowing Behavior and Answer Key*
- ☐ **COMIC JR4**—*Borrowing Money*
- ☐ **ACTIVITY SHEET JR4**—*Borrowing Money*
- ☐ **QUIZ**—*Borrowing Money and Answer Key*

PREPARATION

- *Gather digital materials (video and presentation)*
- *Print and cut out one copy of the* **ACTIVITY** *cards (if working individually instead of in groups, print a copy for each student)*
- *(Optional) Print* **COMIC JR4** *and* **ACTIVITY SHEET JR4** *for each student*
- *(Optional) Print* **QUIZ** *(Borrowing Money) for each student*

LESSON PLAN

Borrowing Money

TIMELINE

5 minutes	Intro and show **VIDEO JR4** *(Borrowing Money)*
10 minutes	Go over **PRESENTATION JR4**
25 minutes	Facilitate **ACTIVITY**
5 minutes	Wrap up
(Optional)	Assessment: **QUIZ** *(Borrowing Money)*

INSTRUCTIONS

1. Ask the class:
   - Have you ever wanted to buy something, but you didn't have enough money? What were your options?
2. Introduce the topic:

   "Today, we're going to take a closer look at borrowing money. Borrowing money often comes with a cost. Let's watch a video to see an example of that cost."
3. Show **VIDEO JR4**
4. Go over **PRESENTATION JR4**
   - Pause after the new laptop example (slide 13) and invite students to share any pros or cons they noticed about paying for an item this way
   - Pause at slide 15 and apply each reason to the laptop example: Did you borrow money simply because you wanted the latest model? Did you borrow money because you couldn't afford it on your own? Did you borrow money because your old laptop broke and you didn't save money for repairs?
5. Facilitate the **ACTIVITY**
   - Divide students into small groups
   - Distribute the borrowing behavior cards evenly between groups
   - Ask students to review their cards and determine whether the scenarios described are examples of responsible or irresponsible borrowing behavior
   - Go over the correct answers by inviting each group to read their cards out loud, to share their group's answer and to provide their reasoning
6. Wrap up by sharing the following:
   - There are many reasons why people choose to borrow money
   - People can borrow money responsibly (in a way that helps them achieve their goals) or irresponsibly (in a way that creates more financial problems)
   - Before you borrow money, it's important to think about the reason behind it and whether or not the cost of borrowing is something you can afford
7. (Optional) Distribute **QUIZ** for individual assessment.
8. (Optional) Distribute copies of **COMIC JR4** and **ACTIVITY SHEET JR4** for students to take home.

NOTES

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ACTIVITY

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BORROWING BEHAVIOR

Directions: Determine whether each card is an example of responsible or irresponsible borrowing.

CARD 1



Lee sees a cool pair of sneakers at the mall. Lee does not know if he has enough money in his bank account to pay for the sneakers, so he buys them with a credit card instead.

CARD 2



Grace packed her own lunch for school. At lunchtime, Grace sees her friends buying their lunch at the cafeteria. Grace borrows money from her friends so that she can buy a cafeteria lunch too.

CARD 3



Naya's dream is to open a bakery. She has trained for many years and knows she will have many customers. The equipment she needs is very expensive, so she borrows money from the bank to start her business.

CARD 4



Last week, Theo borrowed money from his friend Martin. Theo gets a high-interest loan from the bank to pay Martin back.

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ACTIVITY

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BORROWING BEHAVIOR

Directions: Determine whether each card is an example of responsible or irresponsible borrowing.

CARD 5



Diego wants to go to college for engineering. He thinks a college degree will help him get a good job after he graduates. Diego gets a student loan from the credit union to help him pay for school.

CARD 6



Jasmine saved up enough money to buy a small used car. At the car lot, a salesman shows her a flashy new sports car. Jasmine borrows money to buy the sports car.

CARD 7



David's car breaks down. Without a car, David will not be able to get to work and may lose his job. David gets a car loan from the bank so that he can keep working and making money to support his family.

CARD 8



Arjun wants to buy the latest video game console. He has saved up his money for over a year and knows that he can afford it. Arjun buys the video game console using his credit card.

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ACTIVITY

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BORROWING BEHAVIOR

Directions: Determine whether each card is an example of responsible or irresponsible borrowing.

CARD 9



Jordan and Nikki want to buy a house. Even though they both work and have been saving their money for a long time, it is still not enough to make the purchase. They get a loan from the bank so that they can buy a house.

CARD 10



Britney borrows money from her brother to buy a movie ticket and agrees to pay him back with her allowance. Britney doesn't mention that she has already spent her allowance money this month.

CARD 11



James gets a student loan from the bank to help him pay for his education. He borrows more money than he actually needs and spends the remainder on clothing and entertainment.

CARD 12



Mikaela is at the store with her mom and notices the sweater that she's been saving up for is on sale. Mikaela did not bring her money with her, so she borrows money from her mom to buy the sweater.

QUIZ
Borrowing Money

NAME: _____

TOTAL
/ 5 pts

TRUE OR FALSE

Directions: CIRCLE either true or false.

1. TRUE or FALSE — Using a credit card is a form of borrowing money.
2. TRUE or FALSE — Interest is the price you pay for using someone else's money.
3. TRUE or FALSE — Borrowing money is always a bad idea.
4. TRUE or FALSE — Taking out a loan is a form of borrowing money.
5. TRUE or FALSE — You do not have to repay money you have borrowed.

/5 pts

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ACTIVITY ANSWER KEY

Borrowing Money

BORROWING BEHAVIOR

Directions: Ask students to determine whether the scenarios described on their cards are examples of responsible or irresponsible borrowing behavior. Provide additional context if necessary.

CARD	BEHAVIOR	REASON
1	IRRESPONSIBLE	Lee is using a credit card to make a purchase he likely cannot afford
2	IRRESPONSIBLE	The cafeteria lunch is an impulse purchase for Grace
3	RESPONSIBLE	Naya is well-prepared and needs to borrow money to start her business
4	IRRESPONSIBLE	The loan does not solve Theo's problem—it only creates more debt
5	RESPONSIBLE	Diego is using his student loan for an education that will help him earn more money in the long run
6	IRRESPONSIBLE	Jasmine can afford a small used car without having to borrow money to buy a sports car
7	RESPONSIBLE	David needs to borrow the money to avoid losing his job—however, this situation could have been avoided had David budgeted for car repairs or saved money in an emergency fund
8	RESPONSIBLE	Arjun knows he can afford the credit card purchase
9	RESPONSIBLE	The house is not an impulse purchase; Jordan and Nikki already have money saved and can work to pay back the loan
10	IRRESPONSIBLE	Britney is dishonest about her ability to pay back the borrowed money
11	IRRESPONSIBLE	James is not using the borrowed money for its intended purpose
12	RESPONSIBLE	Mikaela has the ability to repay her mom when she gets home

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QUIZ ANSWER KEY

Borrowing Money

TRUE OR FALSE

Directions: CIRCLE either true or false.

1. (TRUE) or FALSE — Using a credit card is a form of borrowing money.
2. (TRUE) or FALSE — Interest is the price you pay for using someone else's money.
3. TRUE or (FALSE) — Borrowing money is always a bad idea.
4. (TRUE) or FALSE — Taking out a loan is a form of borrowing money.
5. TRUE or (FALSE) — You do not have to repay money you have borrowed.

/5 pts