

Lesson Plan: Credit and Borrowing

50-65 minutes

Learning Objectives	<p>Students will be able to:</p> <ul style="list-style-type: none"> • Compare differences between buying with cash and buying with credit • Explain why credit is a form of borrowing and why institutions lend money • Recognize and identify the characteristics of responsible and reliable borrowers
Materials needed	<ul style="list-style-type: none"> • Butcher paper/Poster Board for 5-10 groups • Markers to write with • Magazines/Newspapers • Scissors • Glue • Vault Credit vs. Cash Scenarios Worksheet • Pencils/Pens

Overview: The lesson will teach students the differences between using cash and using credit for a purchase. Students will determine whether cash or credit is appropriate for different types of purchases. Several different scenarios will be presented to the students where they will need to determine what type of payment method is the best given the income available.

Background Knowledge Required: This lesson plan refers to the “Credit” activity in the *Credit and Borrowing* concept group of the **Vault™** program. “Credit” should be completed by the students before the discussion and activity are done in class.

The following vocabulary should be understood:

Credit – A loan that a person uses to pay for things and is expected to pay back.

Interest – Amount of money the borrower pays for the use of a lender’s money.

Provided Student & Teacher Materials:

- Vault™ Credit vs. Cash Scenarios Worksheet/Answer Key

Lesson Plan:

Opening	<i>Duration: 10 minutes</i>
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	<ul style="list-style-type: none"> • The opening of this lesson will be a class discussion. The teacher will make a T-Chart on the white board with one side CREDIT and the other side CASH. This is a time where the students as a whole class will brainstorm different items that require either credit or cash to purchase. The teacher will write down these items on the board under the two categories. • Ask the students to think about the different expenses discussed in Vault™ • This is a brainstorming activity for the whole class – explain to the students there is no right or wrong answer at this time – just a way to explore the two different payment types <p><u>Background Information</u></p> <ul style="list-style-type: none"> • The students will need to know about Credit before this class discussion.
Introduction to New Material	<p><i>Duration: 10 minutes</i></p> <ul style="list-style-type: none"> • The teacher will have two different pictures for the students to observe. The teacher will create an open discussion by analyzing these two pictures and whether or not the students would use CASH or CREDIT to pay for these items. (One picture can be a house or a car (CREDIT) while the other can be food or a piece of clothing) • Discuss how credit is a loan that needs to be repaid along with interest which is an added expense when you using credit. • Additional Discussion Questions: <ul style="list-style-type: none"> ○ How can credit be a positive way to manage money? ○ Can credit be misused and how? ○ What are the disadvantages of using credit instead of cash (talk about interest)?
Activity/Practice	<p><i>Duration: 35 minutes</i></p> <p>Group T-Chart Project (20 mins):</p> <ul style="list-style-type: none"> • Divide the students into groups of 2-4 and give each group the following: Poster/Butcher Paper, Markers, Magazines, Scissors, and Glue. • Have the students draw the CASH/CREDIT T-chart on their poster board. • Explain to the students that they will be finding pictures in the magazines, cutting them out, and gluing them to the appropriate

	<p>side of the chart. They will need to discuss as a group whether they would use CASH or CREDIT for each item. Give them 20 minutes to complete this task.</p> <p>Group Presentations (15 mins):</p> <ul style="list-style-type: none"> • Have each group to go present their poster to the class and explain how and why they grouped the pictures in the two categories. • During presentations, talk about the advantages and disadvantages of using cash or credit as a whole class. • When presentations are finished, pass out the credit vs. cash scenarios worksheet to each student.
Closing	<p><i>Duration: 10 minutes</i></p> <ul style="list-style-type: none"> • As a whole class whole class go over the worksheet and talk about whether cash or credit would be appropriate in each scenario • Use this time to informally see discuss the credit/cash topic – this worksheet can also be used individually or in small groups with students

Vault™ Credit vs. Cash Scenarios Worksheet

Lesson Plan 4: Credit and Borrowing

Teacher version with answer key

Directions: Read each of the scenarios in preparation for a class activity.

1. **Automania** – Professor Monkey has been driving the same car for the past 10 years, and its reliability has finally worn thin. It's time to buy a new – or new used – car! Would it be better to use credit or cash for this purchase? **Credit**
2. **Fresh Breath** – Ballerina Bear realized she's out of her favorite sugarless chewing gum. Wanting her breath to be as fresh as possible, she decides it's time to stock up, and maybe even buy a 10- pack of gum. Would it be better to use credit or cash for this purchase? **Cash**
3. **Tutti Fruity** – Gorflip the alien decided to focus on healthier eating habits, and with that comes a new focus on fruit. Gorflip is at the grocery store and has stocked up on grapes, bananas, apples and pears. Would it be better to use credit or cash for this purchase? **Cash**
4. **Home Sweet Home** – Wendy Wizard is moving to a new town, so she's going to need a new place to live. She has decided to buy a house to replace the one she is leaving behind. Would it be better to use credit or cash for this purchase? **Credit**
5. **Virtual Reality** – Zombie Einstein has been saving money from jobs and gifts for three years now. He is ready to buy a laptop with his savings! Would it be better to use credit or cash for this purchase? **Credit because the amount is too high to safely carry cash for the purchase.**
6. **Singing the Blues** – Robot Abe Lincoln had a tune-up, and now all of his pants are too short. He needs to buy a new pair ASAP! Would it be better to use credit or cash for this purchase? **Cash**
7. **Squeaky Clean** – Fa-Fa's family has had the same washer for a long time, but it's finally conked out. The repairwoman says it's time to buy a new one. Washers can cost hundreds of dollars. Would it be better to use credit or cash for this purchase? **Credit**
8. **Literary Extravaganza** – Ar-Ar just finished the first book in the hot new series. The second book, which ends with a cliffhanger, has already been checked out of the library. Luckily, the bookstore is a short walk from Ar-Ar's home. Would it be better to use credit or cash for this purchase? **Cash**
9. **Feed the Beast** – One of your responsibilities at home is feeding the cat. When it's that time, you go to the cupboard only to find all the cat food has been eaten. It's time to go to the store for more. Would it be better to use credit or cash for this purchase? **Cash**
10. **Higher Learning** – You've reached one of your long-term goals – to go to college! But now you've got to pay for tuition, your dorm room, and on-campus dining, and the bill is due. Would it be better to use credit or cash for this purchase? **Credit because the amount is too high to safely carry cash for the purchase.**

Vault™ Credit vs. Cash Scenarios Worksheet

Lesson Plan 4: Credit and Borrowing

For each purchase, decide whether it would be better to use cash or credit.
Write your answer in the box on the right.

	Cash or Credit?
1. Automania – Professor Monkey has been driving the same car for the past 10 years, and its reliability has finally worn thin. It's time to buy a new – or used -- car!	
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