



Borrowing Money | Lesson Plan

How do loans work, and how can I borrow money responsibly?

Students learn about how loans work and the risks and rewards of borrowing money.

Learning Objectives:

- Understand the concept of loans and borrowing.
- Define and use key financial terms.
- Explain interest rates and how banks use interest to generate revenue.
- Understand the role of collateral in secured loans and the consequences of failing to repay loans.
- Discuss responsible borrowing practices.

Key Vocabulary:

- **Loan:** A sum of money borrowed by one person or entity, with the agreement to pay it back, usually with interest, over a set period.
- **Principal:** The original amount of money borrowed or invested before any interest, fees, or other charges are added.
- **Interest:** The cost of borrowing money, typically expressed as a percentage of the principal.
- **Collateral:** An asset the borrower offers to a lender as a security for a loan, which the lender may take as a possession if the borrower fails to repay.
- **Secured Loan:** A type of loan backed by collateral
- **Down Payment:** An initial, upfront portion of the total amount paid when purchasing an expensive item.

Educational Standards: CCRA.R.7, CCRA.R.10, CCRA.SL.1, CCRA.SL.2, CCRA.L.6

Academic Subject Areas: Financial Literacy, Personal Finance, Life Skills

What You'll Need

- Video: *Ca\$h Cour\$e: Borrowing Money* (Watch [Here](#))
- Worksheet: *Ca\$h Cour\$e: Borrowing Money* (Click [Here](#))

Lesson Plan (45 mins.)

Warm-Up: (10 mins.)

1. Present a relatable scenario, such as needing a pen or pencil but not having one. Ask students what they would do, leading to a discussion about borrowing.
2. Use the above scenario to segue into a broader conversation about borrowing valuable items and introduce the concept of collateral.
3. Introduce key vocabulary terms and discuss their definitions.

Scan to watch episode:



Watch and Apply: (20 mins.)

1. Set the context of the video, explaining its relevance to understanding loans and borrowing.
2. Play the video for the class.
3. Immediately follow the video with a guided discussion. Pose targeted questions to assess comprehension and encourage critical thinking, for example:
 - What is a loan, and how does it work?
 - Explain the difference between principal and interest in a loan.
 - What examples of loans were mentioned in the video?
 - How does collateral work in the context of a loan?

Wrap-Up: (15 mins.)

1. Hand out the “Ca\$h Cour\$e: Borrowing Money Worksheet” for students to complete.
2. Conduct a no- or low-stakes assessment based on the worksheet.
3. Review the worksheet answers as a class, addressing any difficulty or confusion.
4. Introduce the optional take-home assignment: Students calculate the time needed to pay off a loan for their dream car based on a hypothetical or monthly income.

Don't have time for the full lesson? Quick Activity (10-15 mins.)

Distribute the worksheet and allow students to complete it while they follow along with the video. Or, have students watch the video at home and use the worksheet as a quick quiz the next day in class.