



MAKE MONEY MAKE SENSE



Borrowing Activity

Teaching aims of the session	Possible teaching activity	Learning outcomes
<p>To explain the concept of borrowing money.</p> <p>To explain the different ways of borrowing money.</p> <p>To explain the different costs of borrowing money.</p> <p>To encourage students to shop around for the best deals.</p>	<p>Suggested activities</p> <p>Activity 1 (see below) “How would you like to pay?” Consider the advantages and disadvantages of different ways of paying for items. Which would you prefer? Look at the items in the activity. They all have various payment options. <i>Brainstorm, class work, pair work or home work</i></p> <p>Activity 2 (see below) Scenario- One consumer buys with cash and one buys on credit . Practical problem on who pays more? <i>Pair work or home work</i></p> <p>Borrowing quiz</p>	<p>Students will be able to recognise the different methods of borrowing.</p> <p>Students will be able to recognise the importance of shopping around for the best deals.</p> <p>Students will understand their responsibilities and consequences when borrowing money.</p>



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Borrowing Activity 1

“How would you like to pay?”

Consider the advantages and disadvantages of different ways of paying for items. Which would you prefer?

The following items have various payment options:

ITEM and PRICE	Payment options
New clothes – total - £150	Save up – time taken 3 months Store Card – 6% APR Credit Card – 1.5% interest monthly
A laptop computer – price £500	Save up – time taken 6 months Interest Free Credit 6 months – 29.3% interest thereafter Credit Card – 1.5% interest monthly
A second hand car = Price £1000	Save up – time taken 1 year Hire Purchase – 12 months – 2.8% interest monthly Credit Card – 1.5 % interest monthly



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Borrowing Activity 2

A new games console is released in a weeks time at £150. Although you want one you decide to save up to buy it. You save £10 a week so it will take you 15 weeks until you can afford it.

Your friend decides to buy one today with a credit card. He pays 18% APR and pays £40 a month. In 4 months time he has paid £150 plus £5.57 interest - £155.75 total.

After 3 months you see the price has come down to £125. You buy the games console at that price.

Who gets the better deal?