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TEACHER GUIDE

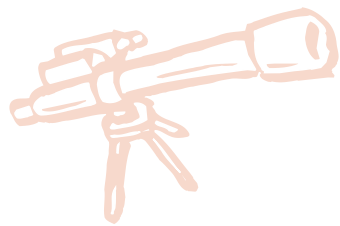
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STUDENT HANDOUTS

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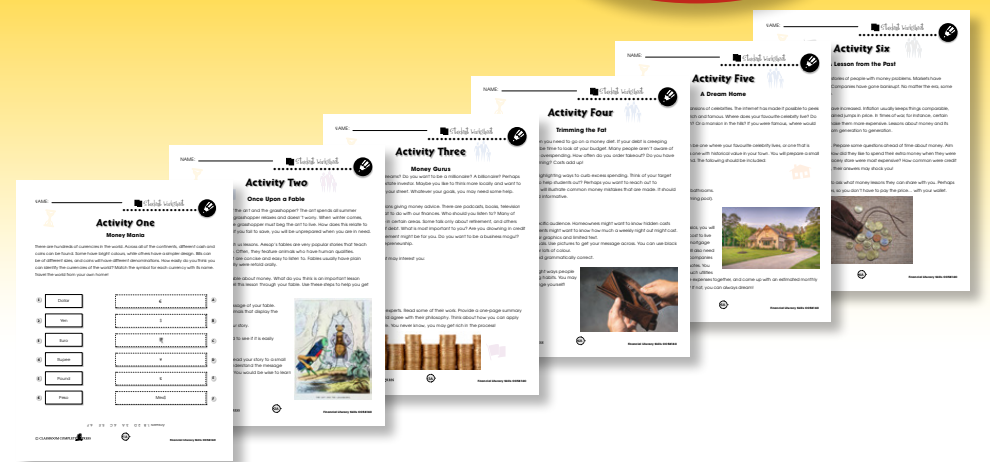
EASY MARKING™ ANSWER KEY 21

MINI POSTERS 23

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Loans, Credit & Borrowing

1. Seo Yeon wants to start a dog grooming business. She wants to renovate a small building in her neighbourhood. Seo Yeon thinks she should charge everything to her credit card. Her friend thinks she should ask the bank for a business loan. Who is right?

2. Jackson is having difficulty paying all his bills. His furnace unexpectedly broke, and he had to replace his car tires. He wants to go to a cash advance place. The interest rate is very high. His mom offers to loan him the money. Who should he get the loan from?



3. Complete each sentence with a word from the list.

decade	handy	perk
exception	liability	bureau

- a) She was _____ to have around; she knew how to bake bread!
- b) The last _____ was focused on finding a soul mate.
- c) The licence _____ is on main street, next to the post office.
- d) He was allowed an _____ on turning his paper in on time since he had been sick.
- e) Free coffees were a _____ of working at the café.
- f) The cracked windshield was quickly making the car a _____.



Loans, Credit & Borrowing



Using only your net income, how long would it take to save for the entire price of a home? Would you have to save for **decades** in order to buy a car? It would be very hard for most people to save this amount of money. This is when a loan comes in **handy**.

Important Terms to Know:

Lender - Someone who gives out a loan, like a bank.
 Borrower - The one accepting the loan.

Borrowers must agree to the terms of the lender. These could include how long the loan is going to be repaid in, or how much interest is charged. Your credit score and loan history will affect the interest rate.

The **principal** is the amount of money the loan is for. It is the value of the purchase, like the cost of a house. For every day you haven't paid the loan back, it earns interest. Interest is added to the principal, so there is some **perk** for the lender.

Student loans are very common with those going to school after high school. Tuition prices change based on where you go to school. Loans will be different amounts based on where you choose to study. If you get a student loan, you will be paying for your tuition plus the interest charges. Some of these loans may take decades to pay off entirely. That is a lot of interest! Sometimes, student loans can make **exceptions** if you are having difficulty making the monthly payment.

Having a loan doesn't mean you will be in debt forever. Lots of loans have a set end date, unlike credit cards. If you continue to make your monthly payments on time, they will be paid off. Have patience! Think wisely about your loan and if the **terms** are fair. As you achieve more of your goals, the loan will be easier to pay off!

Isabelle is financing a boat for her cottage. She is taking out a bank loan for three years to pay for it. Here is a sample contract she is asked to sign. Scratch out each sentence that would not appear on a traditional contract.

I, _____ agree to the following terms:

Payments of \$135 monthly for 36 months at 2.99% interest rate. Purchased boat can only be driven between the hours of 11:00 A.M. and 3:00 P.M. Passengers must wear captain hats when they are driving the boat. Missed payments will be subject to a service charge of \$50.

Signature: _____



Loans, Credit & Borrowing

1. Loan or credit card? Answer each question with **LOAN** and **CREDIT** depending on what is best for each purchase.

- | | | |
|-----------------------------|-------------|---------------|
| a) A couch. | LOAN | CREDIT |
| b) Shoes. | LOAN | CREDIT |
| c) A used car. | LOAN | CREDIT |
| d) A new boat and trailer. | LOAN | CREDIT |
| e) A buffet lunch. | LOAN | CREDIT |
| f) A large home renovation. | LOAN | CREDIT |

2. Answer the following about your credit score.

- a) What will NOT affect your credit score?
- A Your income.
- B The number of credit cards you have.
- C Existing loans.
- D Your weight.
- b) Your credit score will NOT be checked when buying which of the following?
- A A new cell phone contract.
- B A library card.
- C A loan for a furniture set.
- D A rental application.



Loans, Credit & Borrowing



3. Emilia is looking to get a loan for some home renovations. She was declined by the bank because of her credit score. She goes to a third-party lender that offers higher interest rates. She was approved, but the loan would cost almost double by the time she is done paying. Should Emilia continue with the renovations and the loan? Should she wait until she can improve her credit score?

Graphic Organizer

4. Use the graphic organizer on page 12 to determine the best route for financing.

Imagine your next big purchase. Is it a car? Perhaps a new laptop? Maybe you are going on an all-inclusive cruise. How are you going to pay for it? In an ideal world, we would all wait until we have saved enough money for the big price tags. However, financing is often a more realistic way for people to do their business.

Choose something that you are looking to buy. It could be a distant dream or something you are getting in a few weeks. On the graphic organizer, you will chart how much it will cost if you finance it with different routes. For example, a bank may loan you the money for 6%, but a credit card would charge 19%. Choose 3 different finance methods. You will find interest calculators online free of charge. Once you've determined the interest charge, graph the totals. How much would each way cost you? What is the final price? What is the best choice? A little planning will save you a lot of pennies!



Credit Card Commercial

Credit card companies need people to borrow their money. There are many companies available today, all competing for your debt. Companies make their profits based on people spending. In order to convince you to spend money on their cards, they have made many memorable commercials.

A quick online search will show you all the famous credit card commercials. Companies like VISA and Mastercard all have slogans and logos that are recognized worldwide. This helps to make them easily remembered by shoppers. Even a quick glimpse of their logo in a shop window might get you to spend some more.

In a small group, you will create a credit card commercial. It can be for an existing company or one you create. Remember, the goal is to encourage customers to spend. You don't want to remind them of having bad debt! You want to get their money! Be sure to think of a catchy slogan. Have an eye-catching logo in order to hook your buyer. Many companies offer rewards to their customers. Will your card give cash back? Maybe you will offer loyalty points. Whatever the incentive, you want to have an attractive offer.

You will record your commercial and share it with a larger group. At the end of the presentations, the group will vote on which company they are most likely to sign up with. Lights, camera, action!

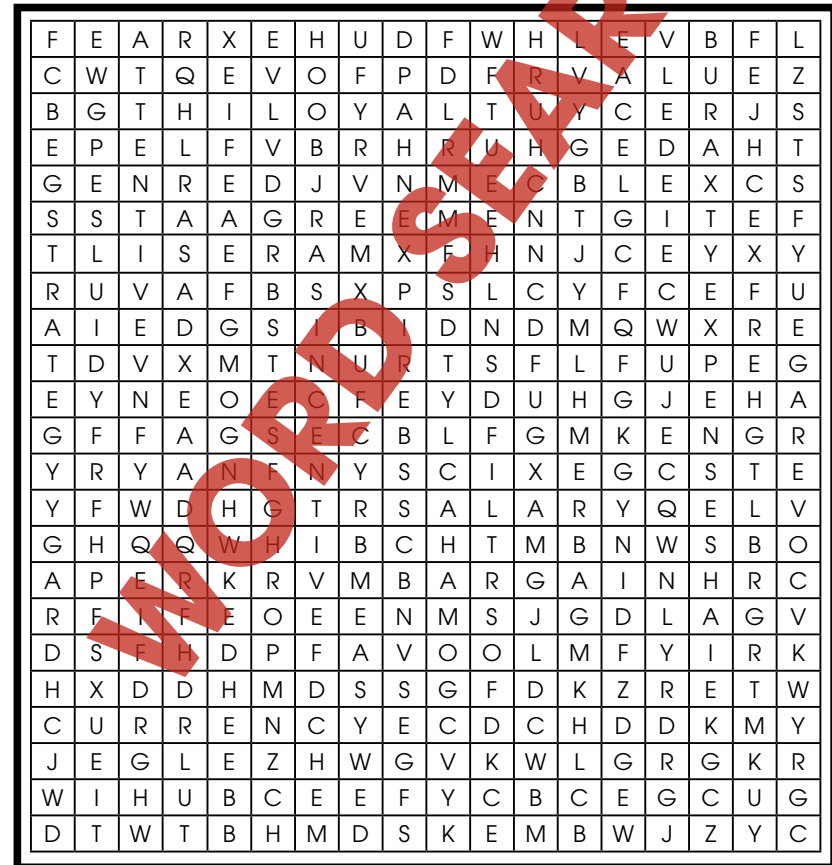


Word Search



Find all of the words in the Word Search. Words are written horizontally, vertically, diagonally, and some are even written backwards.

- | | | | |
|-----------|-----------|-----------|----------|
| agreement | currency | liability | strategy |
| attentive | expenses | loyal | sum |
| bargain | expire | perk | value |
| coverage | incentive | salary | wage |



Comprehension Quiz

Part C

Answer each question with a short paragraph.

- Chase assumes his new job will earn him \$13 an hour. Is he correct? 2

- Alexis was denied a car loan. What are some steps she can do to be approved later? 2

- Why is home maintenance important? 3

- How are student loans different from credit cards or cash loans? 3



Sales Receipt



P&G Grocery
1432 Simpson Avenue
123-456-7890

SALE

TAXABLE ITEMS

licorice	\$3.99
cola	\$1.99
bottled water	\$1.00
dog food	\$19.99

NON-TAXED ITEMS

apples	\$2.50
milk	\$1.99
ground beef	\$3.64
potatoes	\$2.50
onions	\$1.00

SUBTOTAL	\$38.60
TAXES	\$3.24
TOTAL	\$41.84

Payment:
AUTH# 6788 APPR CODE: 5464654
APPROVED

Customer Copy



Loans, Credit & Borrowing



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1.

- a) LOAN
- b) CREDIT
- c) LOAN
- d) LOAN
- e) CREDIT
- f) LOAN

2.

- a) D
- b) B

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EASY MARKING ANSWER KEY



Loans, Credit & Borrowing



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