What to Do

1. Write the phrases “go to college,” “buy a house” and “start a business” on the board and ask students what the words have in common. Write the word “money” in a different color and explain that going to college, buying a house, and starting a business all require capital.

2. ASK: What could you do to get enough capital to reach one of these goals? Explain that there are many ways to increase your capital, such as working, saving money, selling items you no longer need or taking out a loan.

3. Guide the discussion deeper into the topic of loans by asking: What is a loan? What do you know about loans? Under what circumstances is taking out a loan a good (or bad) idea? Explain loans can be a healthy way to improve financial standing, but they also can cause financial strain and challenges if you reach above your means.

4. Review key words associated with loans from the Student Glossary, such as interest, principal, variable interest rate loan, fixed interest rate loan and adjustable rate mortgage. Divide students into small groups and have them rewrite the definitions into their own words.

5. Next, split students into pairs and give them time to complete the Lesson #9 Student Activity.

6. Ask volunteers to share their activity answers with the class. Close the discussion by having students reflect on the decision-making process if they were to take out a loan in their future.