Lesson Plan

This lesson plan is designed to help you teach using a Common Craft video. Use the information below to introduce the video and then follow the video with discussion questions and other resources.

Borrowing Money

Explained by Common Craft

This video introduces the risks and benefits of using a bank to borrow money. It tells the story of Rachel who reaches her goal of publishing an album by making smart decisions based on interest rates and timeframes.

ISTE Standard:

Knowledge Constructor, Indicator 3d

Learning Outcomes

- Explain what is involved in borrowing money from a financial institution
- Define the terms interest, interest rate, and Annual Percentage Rate
- Describe how money borrowed from a financial institute is paid back
- Identify risks associated with borrowing money from a financial institute

Discussion Questions

Q #1
What are the advantages and disadvantages of borrowing money from a friend instead of a financial institution?

Q #2
What criteria would you use to select among different types of loans?

Q #3
What are possible risks that you might face when borrowing money from a bank?

Knowledge Check Q&A

Q
How does the bank make money from your loan?

A
When you pay the bank back, you have to pay a fee called “interest.”

Q
What is an Annual Percentage Rate or APR?

A
It is the interest and fees you’ll pay over a year for borrowing money.
Q
What penalty could you incur if you are late with a loan payment?

A
If you pay late, you may owe the bank a late fee.

Resources for Learning More

Investopedia
Lisa Smith
“How to read loan and credit card agreements”

Kiplinger
“How to size up banks and savings and loans” 2017

Forbes
“5 tips for getting your bank loan approved” 7/2013
https://www.forbes.com/sites/investopedia/2013/07/03/5-tips-for-getting-your-bank-loan-approved/#37b2fde2a95

Khan Academy
“Introduction to interest”
https://www.khanacademy.org/economics-finance-domain/core-finance/interest-tutorial/interest-basics-tutorial/v/introduction-to-interest

CCFE
“Resource list of financial literacy courses online”
https://www.ccfeducation.org/financial-literacy-courses-online/