LESSON PLAN
TEMPLATE i

Title	2.6 Credit	
Author	Sevgi Osman	
Language:	English	
Institution:	VFU	
Platform information:	Link:	
	Login:	
	Password:	
Target group:	Age:	10 years old
	Grade:	K3-K4
	Type of School:	General Education
Aims:	To understand borrowing and lending money - differentiates between borrowing (from family, friends or banks) and lending money To understand the purpose of taking credit To clarify the positive and negative sides of taking credit	
Keywords *Use # in front*	Short-term, long-term goals, lending, borrowing, credit, loan, types of credits	
Background knowledge:	Knowledge of banks, banking activities	
Strategy/Technic	Inquiry-based & Scenario-based	
	Simulation	
Time	3 hours	

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Use hours	
Bibliography: *e.g. Booth, Steven A. "High-Drain Alkaline AA-Batteries." Popular Electronics 62 Jan. 1999: 58.*	
Notes for the teacher:	Credit Borrowing and lending Borrowing Definitions Borrow: To receive something on loan with the understanding that you will return it. Lend: The act of giving something to someone with the understanding that they will give it back to you. Lender: Person or institution that lets you borrow money. Borrower: That's you! The person borrowing money and paying back for the loan. Principal: The amount that you borrow before interest. Loan - the money people borrow Installment – money paid in monthly portions Interest: The extra money that you pay when you take out a loan. It is calculated as a percentage (interest rate) on the principal. *Example : Loan is for amount of 1000 $ => if the interest rate is 10% the interest will be 100$.* INTRODUCTION for students: You can reach your long-term goals by borrowing money and paying it back later. You may have borrowed money from a friend for an after-school snack or from your parents to see a baseball game, but in the future you might need to borrow more than a few bucks. The cost of going to college or buying a car is usually more than you have saved in your bank account. Luckily, investing in your future or purchasing an expensive item is still possible with a loan. When you borrow money from a bank, it's not free money — you have to pay it back, plus interest. This means you have to pay back all the money you borrowed plus extra for the service. Everyone borrows money at one time or another in life. If you make a plan to pay the owed money back on time and stay within your budget, your debt won't be out of control. Different Types of Borrowing

	Borrowing comes in many shapes and sizes, depending on what you need the money for. These are some of the most common types of loans you might take out as you grow up: Credit Cards So, you've definitely seen your parents swipe their credit cards at places like the grocery store or the mall. But did you ever wonder where that money comes from? Every time you use a credit card, it's actually money that you borrow from the bank and that you'll have to pay back with interest. The longer you take to pay, the more expensive the loan becomes. Car Loans Need some extra cash to buy a car? That's when auto loans can come in handy. Since cars are pretty expensive, most people need to borrow money to buy one. When getting a loan to buy a car, you agree to slowly pay a lender back in a specific period of time. This can include any interest rates set by the lender. Home Loans Buying a home is one of the biggest purchases you'll ever make. Houses aren't cheap, and you will most likely need to take out a loan to buy one. Home loans are also known as mortgages. They can make the house of your dreams affordable and help you grow your personal wealth. Student Loans Going to college will be a huge stepping stone in your life. Being accepted in and of itself is a huge accomplishment. But what if the tuition for the school of your dreams is just too expensive? Although student loans are not free and can take years to pay off, they can also make college affordable and help you get ahead in life. Is Borrowing Good or Bad? There's no clear-cut answer to this question. Borrowing can be both a good and bad thing. It depends on the situation, what you're spending the money on, and how well you pay off your debt. To give you a better idea, here's a good old pros and cons list: The Pros of Borrowing Borrowing money can be a tool that makes life easier. Some of the advantages of loans include the following: ✓ It helps you afford expensive things without spending all your cash at once

	✓ It breaks down payments into smaller amounts that are easier to manage 18 ✓ If you pay your loans on time, next time you need to borrow money the interest rate could be lower ✓ It's possible to borrow a little or a lot of money, depending on the situation The Cons of Borrowing Now, it's important to know that borrowing also comes with its own set of risks. For example: -If you borrow too much, you may not be able to keep up with your payments -If you miss several payments, your personal property could be taken away -Not paying on time will result in expensive fees and penalties -Bad payment habits show up on your "credit report" and make it hard for you to take out future loans
Activities performed by students: *Use steps to describe all activities, put them in the order they appear in the guidance and estimated time (e.g. 20')*	1) What might you need to borrow money for in your future? – video games, bike, collage, trip? Why? How could you reach this long-term goal? Student will be required to give explanation with examples. Preparative discussion: 20 minutes Presenting: 20 minutes 2) Students are divided into small groups. Each group is given a hypothetical scenario – different credit options (different interest rates/periods) and different incomes of groups. The task of the students is to choose best option according to their financial possibilities. (40 min) Scenario for 1. group: Bank "A" offers 2-years loan of 5000 $ with annual interest rate 10%. Bank "B" offers 3-years loan of 5000 $ with annual interest rate 10%. Bank "C" offers 4-years loan of 5000 $ with annual interest rate 10%. Scenario for 2. group: Bank "A" offers 2-years loan of 5000 $ with interest rate 10% with annual payment. Bank "B" offers 2-years loan of 5000 $ with interest rate 10% with semi-annual payment. Bank "C" offers 2-years loan of 5000 $ with interest rate 10% with monthly payment.

	Scenario for 3. Group Bank “A” offers 2-years loan of 5000 $ with interest rate 5 % paid monthly. Could you borrow money from it if you have: Monthly net income of 1000 $ Monthly net income of 300 $ Monthly net income of 200 $
Assessment *Tick one* Formative Summative Self Peer Other (specify)	Self for each group: 1) Video games and bike are wants not needs => the loan is not appropriate Collage and trip would be the right answers. The presenting of their answers will be accessed. 2) Is the chosen credit is the best option for the group will be accessed from the teacher.