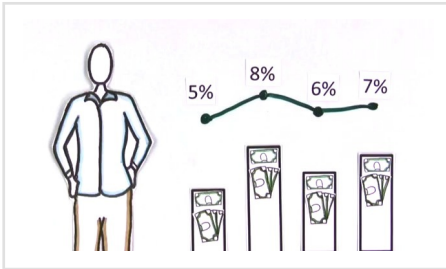


## Lesson Plan

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.



[commoncraft.com/video/borrowing-money](https://commoncraft.com/video/borrowing-money)

**ISTE Standard:**

**Knowledge Constructor,  
Indicator 3d**

# 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.

## 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”

<http://www.investopedia.com/articles/pf/08/agreements.asp>

### Kiplinger

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

<http://www.kiplinger.com/article/credit/T005-C000-S001-how-to-size-up-banks-and-savings-and-loans.html>

### 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/#37b2fdfe2a95>

### 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/>