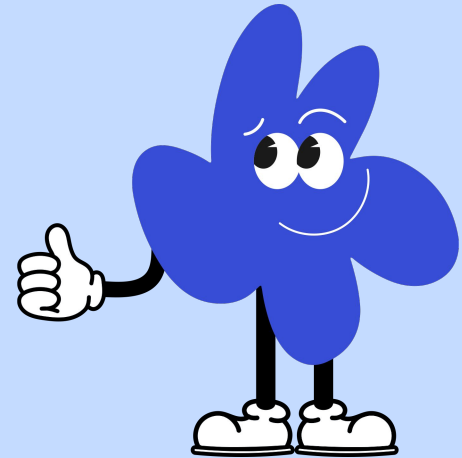


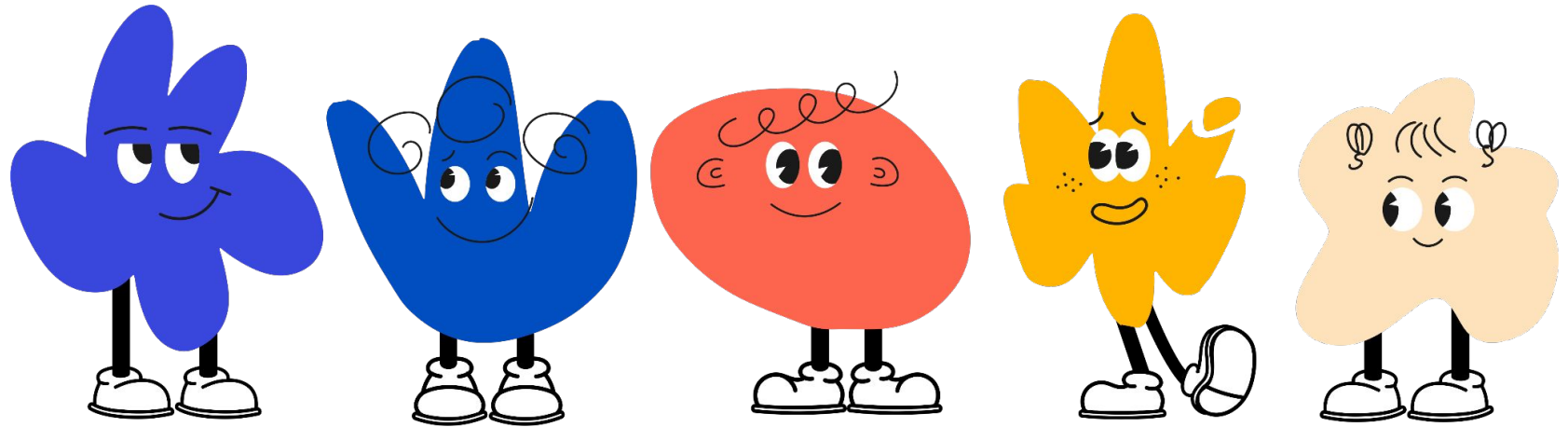
3rd Grade

# Financial Literacy

***Lesson 7***  
***Borrowing Money***

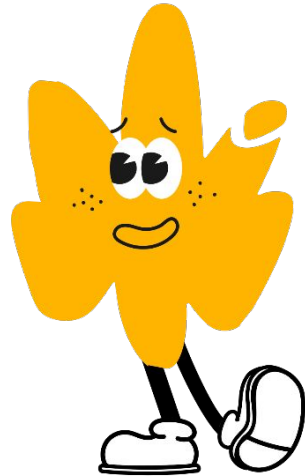


# Learning Target: I can explain borrowing, interest, and debt to a friend.



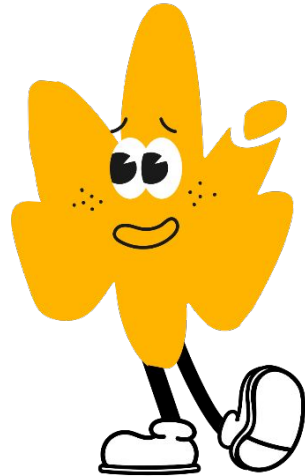
# Essential Question

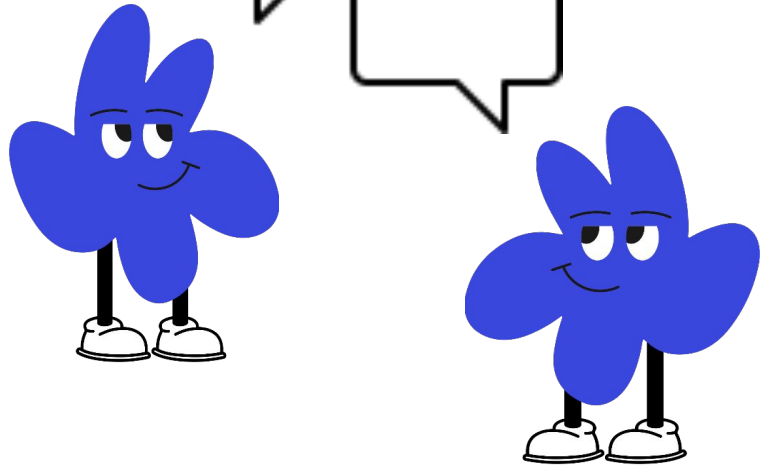
**What if I don't  
have enough money  
to buy what I want  
or need?**



# Vocabulary

Borrow  
Debt  
Credit  
Interest





# Let's Talk!

**Can you always buy everything you want? Explain your thinking to a friend!**

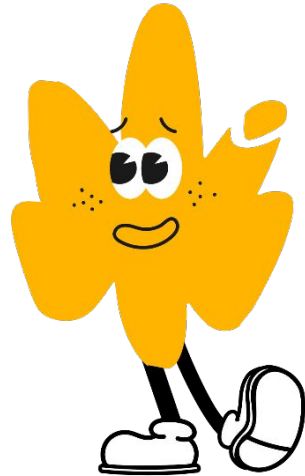
# Vocabulary

**Borrow:** To take or receive something and use it, with the promise or intention of returning or giving it back.

**Debt:** Something, usually money, that is owed by one person to another person.

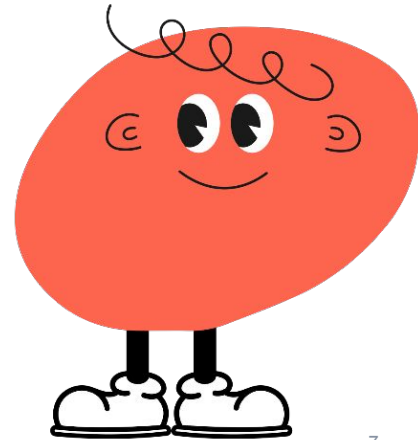
**Credit:** The ability to obtain goods or services before paying, based on the trust that payment will be made in the future.

**Interest:** The price you pay to borrow money or the cost you charge to lend money.



When you **borrow** something, do you expect to keep it forever?

When you let someone **borrow** something of yours, do you want it back?



# VIDEO: Brody Borrows Money

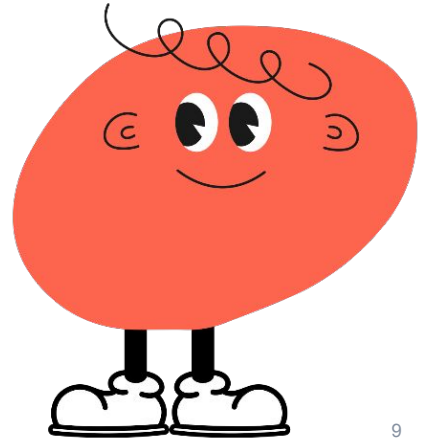


Virginia Credit Union / YouTube



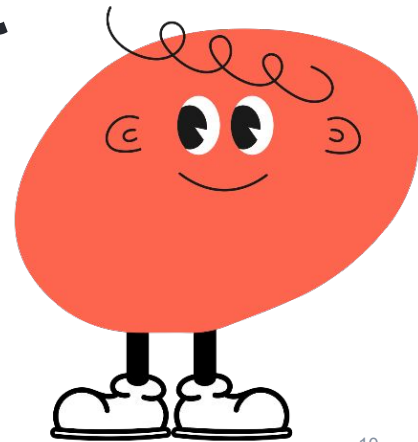
**Interest** is the price you pay when you borrow money.

You must pay back the original amount, plus a little extra.



**Debt** is something, usually money, that is owed by one person to another.

When you borrow money to pay for something you want or need, you take on **debt**.



# Is Debt Good or Bad?

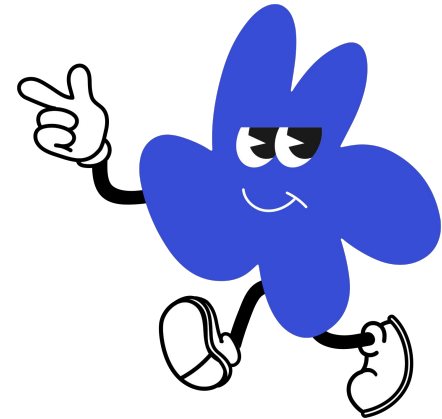
## What is 'good debt'?

Borrowing to invest in a small business, education, or real estate is generally considered "good debt," because you are investing the money you borrow in an asset that will improve your life.

## What is 'bad debt'?

High-interest loans, such as those from payday lenders or credit cards, are expensive but can make sense in particular circumstances. A loan is often "bad debt" if you are borrowing to purchase a asset that will lose value or not generate more money.

**What are some examples of good debt? What about bad debt?**

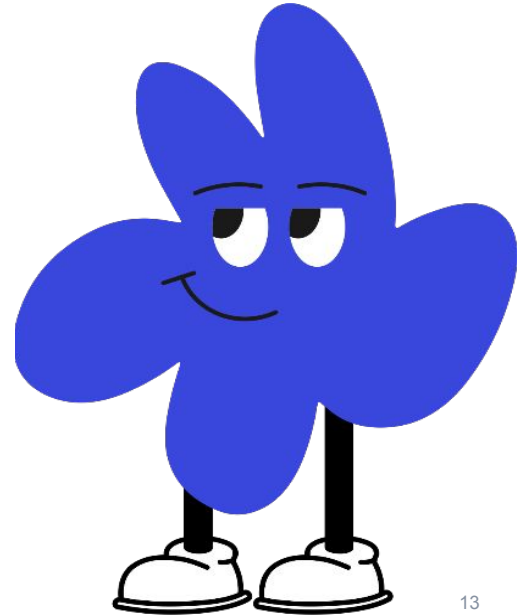


**When you borrow money from someone to get what you need or want now, it usually ends up costing more because of interest.**

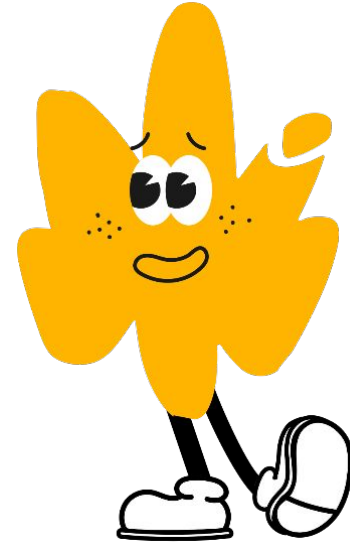
**So, is it better to have it now or save and have it later?**



# Let's Review With A Quiz!



# Let's Practice!



# Should I borrow money for this?



Getty Images

**House**

**Let's talk about this picture:**

- 1. Is this an example of good or bad debt?**
- 2. Explain your thinking!**

# Should I borrow money for this?



**Television**

**Let's talk about this picture:**

- 1. Is this an example of good or bad debt?**
- 2. Explain your thinking!**



# Should I borrow money for this?



Getty Images

**New Toy**

**Let's talk about this picture:**

- 1. Is this an example of good or bad debt?**
- 2. Explain your thinking!**

# Should I borrow money for this?



**Car**

**Let's talk about this picture:**

- 1. Is this an example of good or bad debt?**
- 2. Explain your thinking!**

# Should I borrow money for this?



Getty Images

**College**

**Let's talk about this picture:**

- 1. Is this an example of good or bad debt?**
- 2. Explain your thinking!**

# Should I borrow money for this?



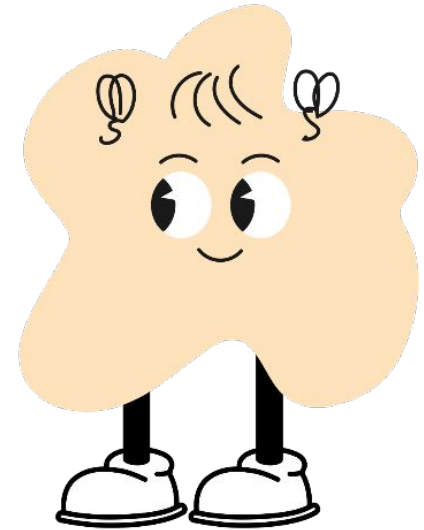
Getty Images

## Vacation

**Let's talk about this picture:**

- 1. Is this an example of good or bad debt?**
- 2. Explain your thinking!**

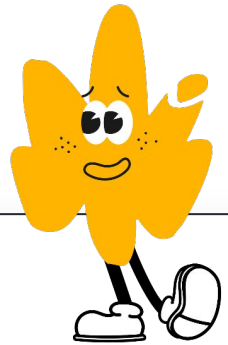
**What are questions  
I should ask myself  
to help me decide if  
I want to borrow  
something?**



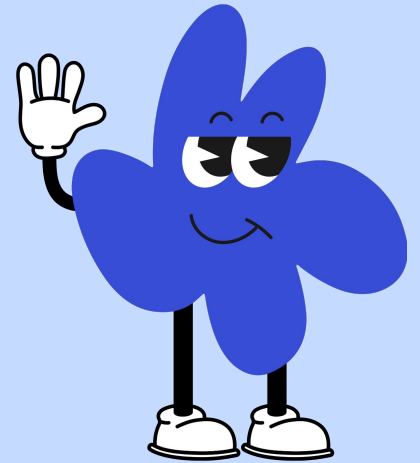
# SHOW WHAT YOU KNOW!

Pick a vocab word and write in the center of your worksheet. Use the sheet to explain the concept. Then, show your sheet to a buddy!

|                      |                 |
|----------------------|-----------------|
| definition           | characteristics |
| <input type="text"/> |                 |
| example              | non-example     |



thanks.



# APPENDIX: Resources and Activity Worksheets

## Slide 12: Additional Resource

- [Debt Management Guide](#) from Investopedia

## Slide 12: Additional context

- Explain that when someone borrows money from a bank or credit union this allows them to get something they need/want now, but that they pay for it later when they repay the money to the bank/credit union with interest.
- Borrowing money to buy something is therefore more expensive than saving for what you want. It is really important that before you borrow money you think about whether you really need the loan and whether you will be able to repay it.
- Online resource to reference: [Lesson 8: Introduction to borrowing - Money Matters](#)

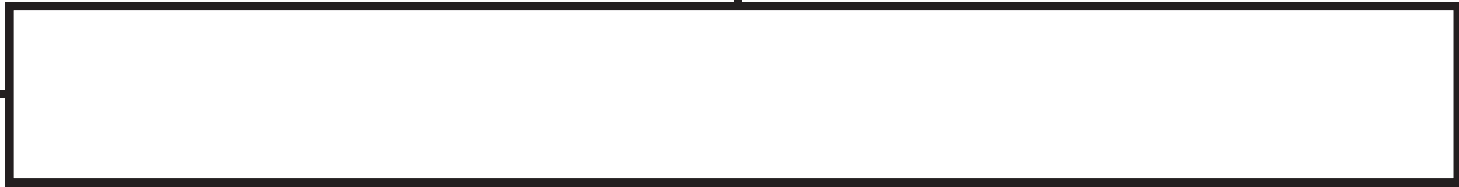
## Slide 22: Frayer Model Vocab Worksheet

- Print a copy of the worksheet following this page for each students. Students should pick one of the 4 primary vocabulary words from this lesson (borrow, debt, credit, or interest) and write it in the center box of the worksheet. Students should then use words and pictures to fill in the 4 boxes
- Once complete, students should pair up with a buddy and explain their sheet to the other their buddy, and vice versa.



**definition**

**characteristics**



**example**

**non-example**