


NAME: \_\_\_\_\_

 Before You Read



## Loans, Credit & Borrowing

1. Seo Yeon wants to start a dog grooming business. She wants to renovate a small building in her neighbourhood. Seo Yeon thinks she should charge everything to her credit card. Her friend thinks she should ask the bank for a business loan. Who is right?

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2. Jackson is having difficulty paying all his bills. His furnace unexpectedly broke, and he had to replace his car tires. He wants to go to a cash advance place. The interest rate is very high. His mom offers to loan him the money. Who should he get the loan from? *Why?*



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3. Complete each sentence with a word from the list.

**decade**  
**exception**

**handy**  
**liability**

**perk**  
**bureau**

- a) She was \_\_\_\_\_ to have around; she knew how to bake bread!
- b) The last \_\_\_\_\_ was focused on finding a soul mate.
- c) The licence \_\_\_\_\_ is on main street, next to the post office.
- d) He was allowed an \_\_\_\_\_ on turning his paper in on time since he had been sick.
- e) Free coffees were a \_\_\_\_\_ of working at the café.
- f) The cracked windshield was quickly making the car a \_\_\_\_\_.



# Loans, Credit & Borrowing



Using only your net income, how long would it take to save for the entire price of a home? Would you have to save for **decades** in order to buy a car? It would be very hard for most people to save this amount of money. This is when a loan comes in **handy**.

## Important Terms to Know:

Lender – Someone who gives out a loan, like a bank.

Borrower – The one accepting the loan.

Borrowers must agree to the terms of the lender. These could include how long the loan is going to be repaid in, or how much interest is charged. Your credit score and loan history will affect the interest rate.

The **principal** is the amount of money the loan is for. It is the value of the purchase, like the cost of a house. For every day you haven't paid the loan back, it earns interest. Interest is added to the principal, so there is some **perk** for the lender.

Student loans are very common with those going to school after high school. Tuition prices change based on where you go to school. Loans will be different amounts based on where you choose to study. If you get a student loan, you will be paying for your tuition plus the interest charges. Some of these loans may take decades to pay off entirely. That is a lot of interest! Sometimes, student loans can make **exceptions** if you are having difficulty making the monthly payment.

Having a loan doesn't mean you will be in debt forever. Lots of loans have a set end date, unlike credit cards. If you continue to make your monthly payments on time, they will be paid off. Have patience! Think wisely about your loan and if the **terms** are fair. As you achieve more of your goals, the loan will be easier to pay off!

Isabelle is financing a boat for her cottage. She is taking out a bank loan for three years to pay for it. Here is a sample contract she is asked to sign. Scratch out each sentence that would not appear on a traditional contract.

I, \_\_\_\_\_, agree to the following terms:

Payments of \$135 monthly for 36 months at 2.99% interest rate. Purchased boat can only be driven between the hours of 11:00 A.M. and 3:00 P.M. Passengers must wear captain hats when they are driving the boat. Missed payments will be subject to a service charge of \$50.

Signature: \_\_\_\_\_

# What's in a Score?



**Excellent**

**800-850**

**Very Good**

**750-799**

**Good**

**700-749**

You will get the lowest interest rate and best terms,

You are eligible for most loans with good rates.

**Fair**

**650-699**

**Poor**

**600-649**

**Very Bad**

**300-599**

You are eligible for most loans with good rates.

Only secured loans are given for people in this range.

NAME: \_\_\_\_\_



## Loans, Credit & Borrowing

When considering borrowing money, you must look at all the risks. You must think about the interest rate. You should know how long the loan will last. Consider how much interest will cost you each month. You should think about how easily you can pay the **balance** off each month. While you are considering lenders, they are considering you!

Every asset and **liability** you have affects your credit score. The score is what lenders use to decide whether you should be allowed to borrow money. There is a range of credit scores. Each lender has a different opinion on what they will accept.

### Some Things that Affect Your Score

- The amount of debt you already have.
- Your income.
- The number of payments you have missed with other credit.
- Your ability to make another payment.

Every time you ask for a loan or a credit card, it is tracked on your credit history. Too many searches will have a negative impact. It may seem like you can't

**manage** your current funds. A quick calculation that lenders often do is called a debt ratio. They compare all your monthly income against all your monthly bills. If too much of your income is being used, you won't be approved for the credit.

Knowing your credit score will allow you to ask for loans **confidently**. Good scores get better interest rates and approved quickly. If you know your credit score needs work, you can make plans to change. You can access your credit score annually for free through your bank, or through a credit **bureau**.

Aaliyah just moved into her new apartment and is missing a lot of furniture. She already is paying more rent than she did at her last place. She really wants to buy new living room furniture. Her credit score will affect whether she can get the loan or not. Match the credit score with the possible scenario that led to it. Use chart on page 57 as reference.

1 300-629

Always pays bills on time, low use of available credit.

A

2 630-689

Never pays bills on time, many accounts in collection.

B

3 690-719

Most bills paid on time, may have a high use of credit.

C

4 720-850

Some bills paid late, may have high use of credit.

D



# Loans, Credit & Borrowing



1. **Loan or credit card? Answer each question with LOAN and CREDIT depending on what is best for each purchase.**

- |                             |             |               |
|-----------------------------|-------------|---------------|
| a) A couch.                 | <b>LOAN</b> | <b>CREDIT</b> |
| b) Shoes.                   | <b>LOAN</b> | <b>CREDIT</b> |
| c) A used car.              | <b>LOAN</b> | <b>CREDIT</b> |
| d) A new boat and trailer.  | <b>LOAN</b> | <b>CREDIT</b> |
| e) A buffet lunch.          | <b>LOAN</b> | <b>CREDIT</b> |
| f) A large home renovation. | <b>LOAN</b> | <b>CREDIT</b> |


2. **Answer the following about your credit score.**

- a) What will NOT affect your credit score?
- ☐ A Your income.
  - ☐ B The number of credit cards you have.
  - ☐ C Existing loans.
  - ☐ D Your weight.



- b) Your credit score will NOT be checked when buying which of the following?
- ☐ A A new cell phone contract.
  - ☐ B A library card.
  - ☐ C A loan for a furniture set.
  - ☐ D A rental application.

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 Before You Read



## Home & Car

1. Kylie is buying a new car. Her insurance will cost more money. Her friends say she should research other companies to get a good deal. She feels guilty about leaving her insurance company. Should she shop around? *Why?*



2. Lucas lives in a two-bedroom house. He is going to college. Lucas finds it hard to pay his mortgage each month. He wants to get a roommate to help with the bills. Is this a good idea? *Why?*

3. With a straight line, connect each word on the left with its meaning on the right.

1. Appreciate

A set of actions that are followed regularly.

A

2. Coverage

Something to motivate or encourage.

B

3. Protect

To look after; to care for.

C

4. Expenses

To be grateful for, to increase in value.

D

5. Maintenance

A certain amount of protection.

E

6. Routine

Costs, bills, debt payments.

F

7. Incentive

Repairs, keeping things in good working order.

G



## Home & Car

Owning a home is one of the biggest purchases in your life. Even if you get a great deal, it is still a ton of money! Most people save for many years to have a down payment. Your mortgage payment is often one of the biggest parts of your budget.

### Ways to Know You're a Responsible Home Owner:

- Do you pay your mortgage on time?
- Do you pay your yearly property taxes?
- Is your insurance **coverage** enough?
- Are things being kept in good working order?
- Do you have money saved in case something needs to be fixed?

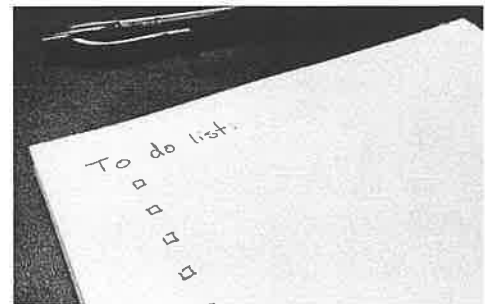
Maintaining a home is hard work. Not only do you have to keep with everyday things like cleaning, but you must think ahead. Big items around your house may break. Furnaces, stoves, plumbing—they all can cause huge problems! You should have some money set aside in case of an emergency. With money saved, you can fix the problem right away before it gets bigger.

Home insurance is **crucial** to owning a home. It **protects** you from things beyond your control. For example, if a forest fire destroys your home, insurance will help you **rebuild**. Your monthly payments help protect you in case of a problem, even if it's years down the road.

Keeping your home in good shape and properly taken care of will pay off later. If you decide to sell your home, buyers will **appreciate** all your hard work. So, think twice before you complain about mowing the lawn!

Kokoro just bought her first home. Although it was a great price, there are a lot of things to fix up. She knows it is important to keep things running smoothly to prevent further damage. Kokoro feels overwhelmed with how many jobs there are at her new place. Put the To-Do list in order of most important to least important.

- ☐ a) Paint the bedroom walls.
- ☐ b) Fix the broken pipe under the kitchen sink.
- ☐ c) Trim the bushes overhanging the sidewalk.
- ☐ d) Tighten the toilet seat.
- ☐ e) Repair the broken board on the front step.



NAME: \_\_\_\_\_



## Home & Car

What's more exciting than the open road? Owning a car is very **thrilling**! Once the keys are in your hand, you can go anywhere! Some people drive in the city, others in the country, and others only on long road trips. No matter how you use your vehicle there are some key things to remember:

1. **Insurance:** make sure you have insurance! Car insurance will cover any **expenses** from being in a car accident or car theft. You need insurance to be **legally** driving in most places. Insurance can also pay expenses if you are injured in a car accident. **Rates** will change depending on the type of car you have, where you live, and your driving experience.
2. **Safety:** it's always a good idea to take a Driver's Education course. They will teach you the rules of the road, and how to protect yourself and others. Insurance companies will often give you a better price if you've taken classes.
3. **Maintenance:** every type of car will need work. There are **routine** things, like oil changes and new tires. Once in a while, something may break and you might have an expensive repair bill. Be prepared for surprise expenses by putting aside money before it happens.
4. **Payments:** loans vary in their length and cost. Lots of dealerships offer **incentives** to get you to buy a new car. Be sure to make your payments on time.
5. **Depreciation:** a car's **value** doesn't last. As soon as you buy the car, it goes down in value. Keeping it well maintained will help it be worth more when it comes time to sell.



William just bought his first car. It is used, so he wasn't too surprised when he needed to get his brakes fixed. He was shocked at how much the bill was. He had to charge it on his credit card. List three ways he could be better prepared in the future.

- 1) \_\_\_\_\_
- 2) \_\_\_\_\_
- 3) \_\_\_\_\_



## Home & Car

1. Read the following statements. Answer **TRUE** if the statement is true, or **FALSE** if it is false.

- a) Insurance companies charge you for taking care of your home.

**TRUE**                      **FALSE**

- b) Always try to do car repairs yourself to save money.

**TRUE**                      **FALSE**

- c) Your electricity service may stop if you don't pay your bills.

**TRUE**                      **FALSE**

- d) A mortgage can be paid biweekly or monthly.

**TRUE**                      **FALSE**

- e) Driver's Education will teach you how to avoid speeding tickets.

**TRUE**                      **FALSE**

- f) If you buy a house, it will be more difficult to find insurance for a car.

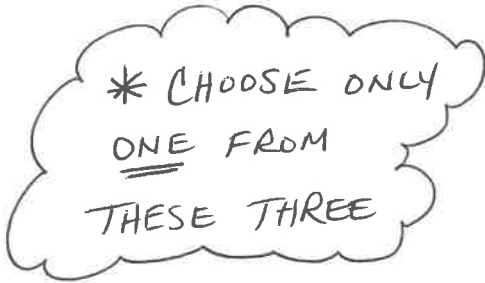
**TRUE**                      **FALSE**

2. Rank the following in order of most important (1) to least important (5) when you are a home owner.

- ☐ a) Having a nice mailbox.
- ☐ b) Ensuring there are no gas leaks in your home.
- ☐ c) Paying your mortgage on time.
- ☐ d) Replacing all the old carpet.
- ☐ e) Fixing a leaky faucet.



NAME: \_\_\_\_\_



## Activity #1

### Trimming the Fat

There may be a time when you need to go on a money diet. If your debt is creeping higher and higher, it may be time to look at your budget. Many people aren't aware of common places they are overspending. How often do you order takeout? Do you have a fancy coffee every morning? Costs add up!

You will create a poster highlighting ways to curb excess spending. Think of your target audience. Do you want to help students out? Perhaps you want to reach out to homeowners. Your poster will illustrate common money mistakes that are made. It should be visually appealing and informative.

Your poster should be:

- Targeted toward a specific audience. Homeowners might want to know hidden costs of a drafty home. Students might want to know how much a weekly night out might cost.
- Easy to read. Use clear graphics and limited text.
- Eye catching with visuals. Use pictures to get your message across. You can use black and white for effect or lots of colour.
- Accurately spelled and grammatically correct.

Your posters should highlight ways people can have better spending habits. You may be inspired to make change yourself!





## Credit Card Commercial

Credit card companies need people to borrow their money. There are many companies available today, all competing for your debt. Companies make their profits based on people spending. In order to convince you to spend money on their cards, they have made many memorable commercials.

A quick online search will show you all the famous credit card commercials. Companies like VISA and Mastercard all have slogans and logos that are recognized worldwide. This helps to make them easily remembered by shoppers. Even a quick glimpse of their logo in a shop window might get you to spend some more.

In a small group, you will create a credit card commercial. It can be for an existing company or one you create. Remember, the goal is to encourage customers to spend. You don't want to remind them of having bad debt! You want to get their money! Be sure to think of a catchy slogan. Have an eye-catching logo in order to hook your buyer. Many companies offer rewards to their customers. Will your card give cash back? Maybe you will offer loyalty points. Whatever the incentive, you want to have an attractive offer.

You will record your commercial and share it with a larger group. At the end of the presentations, the group will vote on which company they are most likely to sign up with. Lights, camera, action!





# Hot Wheels

Are you in the market for a new ride? Perhaps that new car you're eyeing is an electric model. Even if you have no intention of buying a car, think of one you might like to drive. You may like the look of it, but do you know what it would cost?

Choose a car to research. Many websites write consumer reports. These tell buyers what is exceptional about the car and what needs to be changed. For example, some cars rank high in safety but low in agility. What features in your car do you need for your lifestyle? Are you looking for something for all your friends to ride in? Or do you want something eco-friendly?

You will write your own consumer report on a car. It should be a one page, easy-to-read, info sheet. Be sure to include a photo of the car you wish to buy. Be as specific as possible. Your report should include:

- Name of the car.
- Different makes and models.
- Safety features.
- Interior options.
- Fuel economy.
- Price.
- Possible add-ons.

Is your car a great buy? Sometimes reviews can be negative. Simply gather the facts and put them together. Only you can decide if you and your ride will drive off into the sunset!



# Assessment Rubric

## → Financial Literacy Skills

Student's Name: \_\_\_\_\_ Assignment: SUMMATIVE Level: CLE 10  
APPLICATION

	Level 1	Level 2	Level 3	Level 4
Understanding Concepts	Demonstrates a limited understanding of the concepts. Requires teacher intervention.	Demonstrates a basic understanding of the concepts. Requires some intervention.	Demonstrates a good understanding of the concepts. Requires no intervention.	Demonstrates an excellent understanding of the concepts. Requires no intervention.
Responses to the text	Expresses responses to the text with limited effectiveness; inconsistently supported by proof from the text.	Expresses responses to the text with some effectiveness; supported by some proof from the text.	Expresses satisfactory responses to the text with some effectiveness; supported by satisfactory proof from the text.	Expresses thorough responses to the text with some effectiveness; thoroughly supported by proof from the text.
Analysis of Concepts	Interprets various concepts from the text with limited, unrelated details and incorrect analysis.	Interprets various concepts from the text with some details but also some incorrect analysis.	Interprets various concepts from the text with satisfactory details and good analysis.	Interprets various concepts from the text with excellent details and thorough analysis.
Application of Concepts	Demonstrates a limited ability to apply various concepts from the text to activities, discussions, and situations.	Demonstrates a basic ability to apply various concepts from the text to activities, discussions, and situations.	Demonstrates a satisfactory ability to apply various concepts from the text to activities, discussions, and situations.	Demonstrates a strong ability to apply various concepts from the text to activities, discussions, and situations.

STRENGTHS:

WEAKNESSES:

NEXT STEPS: