

Borrowing Money Well

Notes:

Learner Outcomes

Outcome #1: Participants will be able to describe qualities of a person who borrows well.

Outcome #2: Participants will be able to give examples of ways to use borrowed items responsibly.

Outcome #3: Participants will be able to list ways to avoid credit problems.

Target Audience

Elementary-age kids (grades 3 to 6)

Materials

1. Flip chart and markers or a dry-erase board and dry-erase markers
2. Name tags (downloaded for free from the Bank It Web site), one for each participant
3. A pen or pencil for each participant
4. A kitchen timer, clock, or stopwatch to track time
5. Evaluation Pretest #2-BO-E for each participant
6. Evaluation Posttest #2-BO-E for each participant
7. Take-Home Notes #2-BO-E for each participant
8. Optional: PowerPoint Presentation PDF #2-BO-E
9. Optional: Handout #2-BO-E for each participant

Timing

1 hour

Want more background and training tips? See the free, downloadable Bank It Elementary Quick Start Leader's Guide at www.bankit.com.

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Notes:

1. Welcome and Overview (5 minutes)

Arrive early. We highly recommend that you use the optional PowerPoint Presentation PDF and the optional handout. Both will greatly enhance your session. If you're using the PowerPoint Presentation PDF, show the "Welcome to Bank It" slide as participants enter the room.

Greet participants individually and learn their names as they arrive. Have them create a name tag with their first name only.

Give participants either a pen or pencil. Have them sit in clusters of about four people. If possible, have them sit at tables. Then welcome the whole group to the session.

Say: Welcome to Bank It. Bank It delivers real-world financial topics and tools for kids and parents that make it easier to understand, talk about, and manage money. Bank It was developed by Capital One and Search Institute. I'm glad each one of you is here.

Today we will focus on borrowing money well, and we plan on meeting three goals. One: By the end of this session, you will be able to describe qualities of a person who borrows well. Two: You will be able to give examples of ways to use borrowed items responsibly. Three: You will be able to list ways to avoid credit problems.

If this session is not the first session you're presenting to this group, consider briefly discussing the challenge you may have given participants at the end of your previous session.

2. Pretest and Activity (15 minutes)

Say: The first activity we'll do is a short pretest. The pretest has only six questions, and I don't want you to worry about how well you'll do on it. We'll take this exact test again at the end of our session after we have learned about the money concepts on the pretest.

What matters most is how much you learn and how well you do on the test at the end of our session, not on how well you do on this test.

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Distribute the Evaluation Pretest #2-BO-E to each participant. Give them time to complete the pretest. Then collect the pretests when they have finished. The Evaluation Key #2-BO-E has all the answers for your information.

Ask: *What are important qualities of a person who borrows well?* Give participants time to respond. After they name a number of qualities, emphasize two qualities: honesty and responsibility.

Explain that an honest person does not lie. An honest person tells the truth, even when it is hard to do so. A responsible person takes good care of things and of money. A responsible person pays people back on a regular basis and on time when he or she borrows money.

Ask: *How can you use a borrowed item responsibly?* Give participants time to respond. After they name a few ideas, emphasize one in particular: Taking good care of the item.

Say that you're going to do a quick activity called "What Kind of Quality?" Explain that you're going to name a quality of a person. If it's a quality that participants think they should have to borrow money and items well, they should raise their hand high. If the quality is not one they think they should have for borrowing, they should lower their hand and place it in their lap.

Say: *Honesty*. Give participants time to either raise their hand or lower their hand. The correct answer is: Raise their hand. Then give examples that participants understand. Sixth graders will have a larger vocabulary than third graders.

Give other examples one at a time, such as these: *Being mean* (lower hand). *Forgetful* (lower hand). *Respectful* (raise hand). *Wasteful* (lower hand). *Mature* (raise hand). *Careless* (lower hand). *Grateful* (raise hand). *Dependable* (raise hand). *Bossy* (lower hand). *Dishonest* (lower hand). *Trustworthy* (raise hand). *Responsible* (raise hand).

Explain that when we're honest and responsible, we can become better borrowers.

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3. Present (15 minutes)

Explain that there are two important steps adults can take to avoid credit problems. On a flip chart write: 1. Do not overspend. 2. Pay bills on time or early.

Say: Whether an adult is using a credit card or taking out a loan, it's important not to overspend. The same is true when we borrow money. It's too easy to think that we can start borrowing from everybody and getting more money. But that's overspending.

Say: It's also important for adults to pay bills on time or early. When adults take out a loan, they need to make payments regularly and on time or early. They need to pay their credit card bills. They need to pay all their bills, just like we need to pay people back when we borrow money from them.

If you want participants to become more active in the learning process, consider doing the Avoiding Credit Problems Activity listed under Optional Activities at the end of this session.

Say: It is important for adults to establish a positive credit history for two reasons. 1. Adults can earn a higher credit score. 2. Adults can get more financial services at cheaper rates over time. When we borrow well as kids, we can learn how to borrow well so that when we become adults we can also use credit well.

Say: Sometimes, however, you run into problems when you borrow something. What is important to do if you damage or lose something you borrow? Give participants time to respond. Emphasize this answer: Apologize and then replace or fix the item.

If you plan to distribute the optional handout, use it at this time. If you want participants to become more active in the learning process, consider doing the Borrow or Lend activity listed under Optional Activities at the end of this session.

If you do the Borrow or Lend activity, make sure you define “borrow” and “lend” to young people so they know the difference. When you borrow something you obtain an item (or money) from someone else and use it before giving it back. When you lend something you let someone use one of your items (or money) before giving it back.

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Say: *There are laws that protect us when we borrow money. These are called consumer credit laws. What do these laws do? They protect people who use credit. On a flip chart, write "Consumer credit laws protect people who use credit."*

Explain that we can protect ourselves by the way we borrow and lend money. There are also laws that protect people who use credit.

4. Discuss (5 minutes)

Say: *Take some time to talk to the people near you. Talk to about two or three people. Take turns. I want you to do two things: 1. Say your first name. 2. Name one thing you can do to be a more responsible borrower. Start with the person who sang or hummed a song most recently. Then have each person take a turn.*

5. Review and Evaluate (15 minutes)

Review what was accomplished during this session. Ask: *What are important qualities of a person who borrows well?* (Answer: 1. Honest. 2. Responsible.) Ask: *How can you use a borrowed item responsibly?* (Answer: Take good care of the item.)

Ask: *How can an adult avoid credit problems?* (Answer: 1. Do not overspend. 2. Pay bills on time or early.)

Ask: *Why is it important to establish a positive credit history?* (Answer: 1. You can borrow more money. 2. You can get more financial services at cheaper rates over time.)

Ask: *What is important to do if you damage or lose something you borrow?* (Answer: Apologize and then replace or fix the item.)

Ask: *What does a consumer credit law do?* (Answer: It protects people who use credit.)

At the end of the review, distribute Evaluation Posttest #2-BO-E to each participant. Give participants time to fill out the posttest. Collect all the posttest after participants finish so you can find out the measurable outcomes for the session. The Evaluation Key #2-BO-E has all the answers for your information.

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6. Close (5 minutes)

Do a short activity for the closing. Ask: *How can you become a more responsible borrower?* Encourage participants to list as many ideas as possible, tying what they say with the lessons they just learned from this session.

Say: *We can become better borrowers by becoming responsible.* Distribute the Take-Home Notes #2-BO-E. Challenge participants to talk to family members about this topic, which is listed under the Talk about It section of their Take-Home Notes. Thank participants for coming and for being involved.

Optional Activities

1. Distribute Handout #2-BO-E: Would You Lend This Person Money? Give participants the handout to complete. Afterward, discuss their answers. Handout Key #2-BO-E has the correct answers for your information.

2. Show the PowerPoint Presentation PDF #2-BO-E. Use the presentation to accompany the one-hour session.

3. Do the Avoiding Credit Problems Activity. Get four pieces of paper. On two pieces of paper write the same thing: Do not overspend. On the other two pieces of paper write the same thing: Pay bills on time or early.

Hang up these four pieces of paper in four different sides of the room. Ideally, hang the two “do not overspend” signs on the opposite side of the room from each other (such as one on the left and one on the right). Hang up the two “pay bills on time or early” on the opposite side of the room from each other (such as one at the front of your room and one at the back of your room).

Have participants stand. Point out the four signs. Explain that you’re going to name a credit situation. They are then to move to the sign that best fits their answer to the situation. If they happen to choose the same answer for two situations back to back, they then need to move to the other sign that says the exact same thing. That way everyone will always need to move.

Say: *You borrowed money from a friend. You want more money, so you ask another friend to lend you money. What should you do?* Give participants time to move. The correct answer is: Do not overspend.

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Give other situations, such as these, one at a time so that participants have time to move between each one. *Your sister wants you to pay her back by the end of the month. What do you do?* The correct answer is: Pay bills on time or early.

You get a weekly allowance. You owe your mom money. What do you do? The correct answer is: Pay bills on time or early.

You see something at the store that you really want. You have not saved a single penny. You want to borrow money to buy it. What should you do? The correct answer is: Do not overspend.

You borrow \$10 from your dad. He wants you to pay him \$2 each week until you've paid off your debt. You want to also borrow money from your mom. What should you do? The correct answers are both answers: Do not overspend and pay bills on time or early.

Your best friend just got a great new video game. You want to get the same one right now. You still owe your sister money. What should you do? The correct answers are both answers: Do not overspend and pay bills on time or early.

Debrief the activity.

4. Do the Borrow or Lend Activity. Have participants create small groups of three to four people each. Make sure they understand the difference between borrowing and lending.

When you borrow something you obtain an item (or money) from someone else and use it before giving it back. When you lend something you let someone use one of your items (or money) before giving it back.

Explain that you're going to name a situation. If a group thinks it's a lending situation, group members should jump up and stand. If a group thinks it's a borrowing situation, group members are to get out of their chairs and sit on the floor. The first group to correctly identify the situation with all group members doing the same correct motion will get a point.

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Keep track of points on a flip chart or chalkboard. If you wish, encourage groups to come up with a team name, such as the Sponge Bobs and Bettys, the great grapes, the army ants, or the purple fluffy unicorns.

Say: Your friend wants to use your pencil. Borrow or lend? Give groups time to respond. The correct answer is: Lend (jump up and stand).

Then name each of these situations, one at a time, giving small groups time to identify their answers and either stand or sit. Name these situations: *Your brother wants to use \$5 that you have. Borrow or lend? Answer: Lend (jump up and stand).*

You ask your grandpa for \$20. Borrow or lend? Answer: Borrow (sit on the floor). Your mom asks to use your mittens. Borrow or lend? Answer: Lend (jump up and stand). You want to walk your grandma's dog. Borrow or lend? Answer: Borrow (sit on the floor).

You need \$10 for a movie. You ask your sister for the money. Borrow or lend? Answer: Borrow (sit on the floor). Your friend asks to borrow your video game. Borrow or lend? Answer: Lend (jump up and stand).

Debrief the activity if you wish.

5. Give Participants a Challenge. Encourage participants to use the next week to ask their parents how they lend items or money to other people without being taken advantage of. (If you wish, follow up during your next session to find out how the challenge went.)

Questions? Looking for more ideas? Visit www.bankit.com for answers and more resources.

For More Information

National Standards in K–12 Personal Finance Education (Washington, D.C., Jump\$tart Coalition for Personal Financial Literacy, 2007), standards 2 and 3 in the area of Credit and Debt.

An Asset Builder's Guide to Youth and Money by Jolene Roehlkepartain (Minneapolis: Search Institute, 1999).