

OVERVIEW

Even if you don't need to borrow money today, you'll soon be flooded with tempting offers for car loans, credit cards, cash-advance loans, cellphone service, and more. Boosting your borrowing IQ now will prepare you to make smarter decisions whenever you decide to take the credit plunge.

This lesson will help you calculate the costs of borrowing options.

LEARNING OUTCOMES

In this lesson you will calculate the costs of borrowing options. Along the way you will:

- Give examples of how credit is used.
- Identify typical costs and terms of credit.
- Calculate the cost of using credit.

Use what you learn to consider borrowing options for a specific situation.

LEARNING TASKS

These tasks match pages 9-15 in Student Guide 2.

__ 1.	Jesse did the math on a laptop deal and realized the bargain wasn't a bargain at all. See if you can spot a bargain from several offers.
__ 2.	Listen to a presentation about the costs of using credit. Complete Activity 2.3: Simply Tell the Total to calculate the total costs of credit purchases.
__ 3.	Calculate average monthly payments to repay a loan. Complete Activity 2.4: What is the Average Payment.
__ 4.	<p>Mariah did a good job of comparing credit card options available to her. How good were your instincts? Time to find out if you were right.</p> <p>Figure out the monthly payment, total interest paid, and total cost for several purchases by completing the Pick an Option task. Figure out which is the better deal. Then, choose which deal you would take, and explain why you made that choice.</p>
__ 5.	Pick a situation where you or your family uses credit. Complete Challenge 2-A: DECIDE The Best Deal for You.



TAKING IT HOME

Compare phones and calling plans for your family. Gather information about at least two local phone plans provided by different companies. Find out what information you need to provide to the phone companies when you apply for the phone plans.

Use the DECIDE decision-making process learned in Module 1 to establish criteria for selecting a phone plan based on your current needs and financial situation. Compare the terms of each plan, and consider the advantages and disadvantages of each plan. Decide which option best meets your criteria.



FURTHER STUDY

Bring in car ads that include leasing options and financing information. Calculate out the cost of vehicles, comparing leasing versus purchasing.

Discuss the financial issues (good and bad) related to leasing a vehicle. Who would be the best candidate to lease a car? When might it make sense to lease a car versus purchasing a car?