

OVERVIEW

Credit cards, auto loans, home mortgages, pawn shops ... you've probably heard a lot about debt over the years—good and bad. But debt itself is actually neither. It's merely a tool to buy something now and pay for it later.

How we use debt is what's good or bad.

This lesson will help you assess reasons to use or not use credit.

LEARNING OUTCOMES

In this lesson you will weigh the benefits and risks of borrowing. Along the way you will:

- Discuss why people borrow.
- Give examples of acceptable and unacceptable situations to use credit.
- Explain how borrowing impacts spending power.

Use what you learn to recognize situations when it makes sense to either use credit or avoid using credit.

LEARNING TASKS

These tasks match pages 3-8 and 18-19 in Student Guide 2.

__ 1.	What do you think are good reasons to borrow money? Participate in a discussion to evaluate situations that involve borrowing money.
__ 2.	Evaluate your borrowing habits by completing Activity 2.1: Borrowing Fitness Test .
__ 3.	Give examples of ways people use credit. Complete Activity 2.2: What is the Reason?
__ 4.	Share a story about a time you made an impulse purchase that you regretted later. Have you ever been glad that you waited to make a purchase?
__ 5.	Mariah's mom doesn't think that Mariah should have a credit card. Role play a conversation between Mariah and her mother about the reasons to get or not get a card.

REFLECTION

Reflect on your answers for Activity 2.1: Borrowing Fitness Test.

- Which one area would you say is your weakest?
- Write down two things you can do to strengthen your ability for that one area of weakness.

FURTHER STUDY

Find a news story that relates to the risks or rewards of borrowing. Summarize two or three new things that you learned from the story.