



Debt Education Lesson Plan For Pupils at Key Stages 3, 4 and 5

Rating Different Borrowing Strategies

Learning Objective:

- Learners will be able to identify different methods of borrowing money, and suggest the pros and cons of those methods, the cost effectiveness, and the ease of different borrowing strategies.

Instructions

Class discussion – How can you borrow money?

- 1) Ask the group, how can you borrow money?
 - a. Bank – mortgage
 - b. Bank – Personal loan
 - c. Building Society – mortgage
 - d. Building Society – personal loan
 - e. Store cards
 - f. Loan companies – secured loan
 - g. Personal loan companies (unsecured)
 - h. Visa cards/Credit cards
 - i. Parents
- 2) Get the class to look through brochures and leaflets from banks, loan companies, building societies etc. for inspiration
- 3) Write their ideas on the board

• Group activity – Pros and cons of borrowing methods

- 4) Divide the class into 2 groups
- 5) Give each group cards with each of the different borrowing strategies on them (as above)

• Group 1 – Cost effectiveness of different borrowing strategies

- 6) Ingroup discussion about the cost effectiveness of each borrowing strategy (interest, pitfalls etc).
- 7) Group look through brochures and leaflets from banks, loan companies, building societies etc. for inspiration.
- 8) Groups place the cards in order of cost
- 9) When whole group agrees, they should stick the cards in order onto sugar paper.

• Group 2 – Ease of borrowing of different borrowing strategies

- 10) Ingroup discussion about the ease of each borrowing strategy.
- 11) Group looks through brochures and leaflets from banks, loan companies, building societies etc. for inspiration.
- 12) Groups place the cards in order of ease of borrowing.
- 13) When whole group agrees, they should stick the cards in order onto sugar paper.

• Whole group discussion – comparing ease and cost

- 14) A chosen representative from each group displays their chart and explains the reasons for their choices to the rest of the class.
- 15) The groups then stick their posters side by side at the front of the class.
- 16) There will then be a whole group discussion to compare the difference between an option that looks easy, and the eventual cost.



Resources:

- Brochures and leaflets from banks, loan companies, building societies etc.
- Cards with each of the different borrowing strategies on them
- Large sheets of sugar paper

Cross Curricular links

• Key Skills ICT Level 1

- Find, enter, explore and develop relevant information
- Present information, including text, images and numbers, using appropriate layouts and save information.

• Key Skills ICT Level 2

- Make selections based on judgments of relevance and quality.
- Enter and bring together information using formats that help development
- Develop the presentation so it is accurate, clear and presented consistently
- Take account of the views of others to guide refinements.

• Key Skills ICT Level 3

- Plan an activity and obtain information from a relevant source
- Use this information to carry out multi-stage calculations
- Interpret the results of your calculations, present your findings and justify your methods.

• Key Skills AON Level 1

- Interpret information from two sources
- Carry out and check calculations
- Interpret the results of your calculations and present your findings.

• Key Skills AON Level 2

- Interpret information from two sources
- Use your information to carry out calculations
- Interpret the results of your calculations and present your findings.

• Key Skills AON Level 3

- Plan an activity and obtain information from a relevant source
- Use this information to carry out multi-stage calculations
- Interpret the results of your calculations, present your findings and justify your methods.

• Key Skills Communications Level 1

- Take part in a discussion
- Read and obtain information from at least one document
- Write two types of document.

• Key Skills Communications Level 2

- Take part in a group discussion
- Read and summarise at least two documents
- Give a short talk
- Write two types of document, each giving different information.

• Key Skills Communications Level 3

- Take part in a group discussion
- Make a formal presentation
- Read and synthesise information from at least two extended documents
- Write two types of document giving different information about complex



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The Debt Spiral

Learning Objective:

- To state and explain some of the reasons why young people are likely to get into debt e.g. poverty, low incomes, tempting offers e.g. 0% finance on goods purchased, discounts offered by store cards etc.
- To look at how and why debt is also a major problem for students in FE and higher education.
- To define and explain the term 'debt spiral'.
- To discuss different ways to borrow money and to identify the strengths and weaknesses of different methods and to identify and explain the consequences of not being in a position to pay back money borrowed.

Key Vocabulary:

- Bank
- Mortgage
- Personal loan
- Building Society
- Store cards
- Loan companies
- Unsecured loan
- Secured loan
- Credit cards
- Cost effective



Instructions

Class discussion –
How can you borrow money?

- 1) Class discussion - How can you borrow money?
 - a. Bank – mortgage
 - b. Bank – Personal loan
 - c. Building Society – mortgage
 - d. Building Society – personal loan
 - e. Store cards
 - f. Loan companies – secured loan
 - g. Personal loan companies (unsecured)
 - h. Visa cards/Credit cards
 - i. Parents
- 2) Get the class to look through brochures and leaflets from banks, loan companies, building societies etc. for inspiration
- 3) Write their ideas on the board

• Strengths and weaknesses of different borrowing methods

- 4) On a chart below, invite the class to come up with strengths and weaknesses of each of the below:

	Strengths	Weaknesses
Bank – mortgage		
Bank – Personal loan		
Building Society – mortgage		
Building Society – personal loan		
Store cards		
Loan companies – secured loan		
Personal loan companies(unsecured)		
Visa cards /Credit cards		
Parents		

- 5) Be prepared to share decisions with the rest of the class.



• Group discussion - what happens if you can't pay?

- 6) Whole group discussion – ask the class to what happens if you can't pay?
- 7) Consider the different consequences of not being able to pay back money borrowed.
 - a) The requirements to be given pocket money,
 - b) Sanctions if these requirements are not met, and the rewards for saving money.
- 8) Invite the children to discuss what should be included
- 9) Write the final agreement on the board

Creating a debt spiral poster

- 1) Create a poster to show how things can spiral out of control.
- 2) The class draw a large spiral on sugar paper and then mark out the steps e.g.:
 - a. You cannot pay back your parents,
 - b. So you take money out of the bank,
 - c. So you cannot meet payments on your agreed overdraft,
 - d. So you exceed the agreed amount,
 - e. So you are charged increasing amounts of interest,
 - f. So you borrow money on a secured (or unsecured) loan (consider interest rates),
 - g. You fail to meet those payments (back up to c. thus the Debt Spiral).
- 3) Allow the class to cut out images from brochures and leaflets from banks, loan companies, building societies etc. to illustrate the spiral.

Resources:

- Banks, loan companies, building societies paraphernalia
- Sugar paper for drawing the debt spiral

Key Vocabulary:

- Debt
- Mortgage
- Personal loan
- Store card
- Credit card
- Secured loan
- Unsecured loan
- Debt spiral

Cross Curricular links

• Key Skills Communications Level 1

- Read relevant material
- Identify accurately the main points and ideas
- Use the information to suit your purpose.
- Present relevant information in a format that suits your purpose
- Spell, punctuate and use grammar accurately
- Make your meaning clear.

• Key Skills Application of Number Level 1

- obtain the information you need to meet the purpose of your task
- identify suitable calculations to get the results you need.
- carry out calculations to the levels of accuracy you have been given
- check your results make sense.
- choose suitable ways to present your findings
- use more than one way of presenting your findings
- present your findings clearly using a chart or diagram

• Key Skills ICT Level 1

- choose information that is relevant to your tasks
- enter information using formats that help development
- save information so it can be found easily.
- use appropriate layouts for presenting information in a consistent way.