Name: ____________________ Date: ____________________

Why Do People Borrow Money?

Fundy wants a new bike that costs $120.
He has saved $40 so far.
Sometimes people borrow money for important things and pay it back over time.

Circle which situations are SMART reasons to borrow money.

Then, explain why the ones you didn't circle might NOT be smart reasons.

1 School Laptop  Cost: $600 Why it might be smart: ____________ ____________	**2** Birthday Party  Cost: $250 Why it might be smart: ____________ ____________	**3** Emergency Car Repair  Cost: $750 Why it might be smart: ____________ ____________
4 Designer Backpack  Cost: $120 Why it might NOT be smart: ____________ ____________	**5** New Gaming Console  Cost: $500 Why it might NOT be smart: ____________ ____________	**6** Fixing a Broken Tooth  Cost: $400 Why it might be smart: ____________ ____________

Think About It:

What is the difference between a need and a want?

____

How can this help you decide if borrowing is a smart choice?

____

Alpha says:

Borrowing can be helpful for needs and emergencies.
Borrowing for wants can lead to money problems.
Smart borrowers think before they borrow!

Name: ______________________ Date: ______________________

What Is a Loan?

Bella's Bank lets Fundy borrow **$80** for his bike.

This is called **a loan.**

A **loan is** money you borrow and promise to pay back later.

Match each word with the best meaning.

1 Borrow	A The person or bank that gives you money to borrow.
2 Loan	B Money you take from someone with the promise to return it.
3 Pay Back	C Returning the money you borrowed over time.
4 Lender	D Taking money now and agreeing to return it later.

Word Bank

borrow loan
a lender pay back

Use the words in the box to complete the sentences.

When Fundy needs money right now, he can ____________ it from a bank. Bella's Bank is ____________ because it gives him the money. The money he receives is called a __________. Fundy must __________ the money back in payments over time.

Real Life Connection:

People take loans for many things like cars, homes, college, or starting a business. Every loan has to be paid back!

Alpha says:

A loan is not free money.
It comes with responsibility.
Smart borrowers understand the plan before they take the loan!

Name: ____________________ Date: ____________________

Tracking the Payback: Loan Math

Fundy borrowed **$80** for his bike.
He will pay back **$10** each week.
Let's see how long it will take
and how much he still owes over time!

REMEMBER:
If you plan your payments, you can pay it back without stress!

1. How many weeks will it take?

$80 ÷ $10 = ______ weeks

2. Fill in the payback table.

Week	Payment This Week	Total Paid	Amount Still Owed
1	$10	$______	$______
2	$10	$______	$______
3	$10	$______	$______
4	$10	$______	$______
...	...	...	...
8	$10	$______	$______

3. Answer the questions.

a. After 4 weeks, how much money has Fundy paid?

$______________

b. After 6 weeks, how much will he still owe?

$______________

4. Solve each problem.

A Maya borrows $60 and pays back $5 each week.
How many weeks will it take to pay it off?

__________ weeks

B Ethan borrows $90 and pays back $15 each week.
How many weeks will it take to pay it off?

__________ weeks

C Jade borrows $100 and pays back $20 each week.
How many weeks will it take to pay it off?

__________ weeks

Think About It:
Why is it important to know how long it will take to pay back a loan before you borrow?

____

____

Alpha says:

★ Make a plan before you borrow.
★ Know your payments.
★ Stay on track.
★ That's how you become a smart borrower!

Name: ______________________ Date: ______________________

Interest: Paying a Little Extra

Sometimes when you borrow money,
the lender charges extra money called interest.
Interest is the cost of borrowing.
The more you borrow or the longer it takes to pay back,
the more interest you may pay.

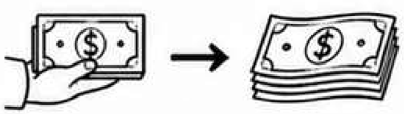
EXAMPLE:
Borrow \$50
Pay back \$55

The extra \$5
is interest.

Find the interest in each situation.

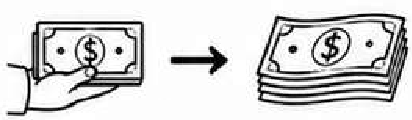
Interest = Amount Paid Back – Amount Borrowed

1 Borrow \$20
Pay back \$22



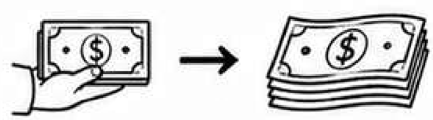
Interest = \$________

2 Borrow \$40
Pay back \$45



Interest = \$________

3 Borrow \$100
Pay back \$110



Interest = \$________

THINK MORE!

If Fundy borrows \$75 and the interest rate is 8%, how much interest will he pay?
Show your work.

SHOW YOUR WORK:

Alpha says:

Interest is the cost of borrowing money.
It might seem small, but it adds up!
Always borrow only what you need,
and have a plan to pay it back.

SMART BORROWERS

- ☑ Borrow only what you need
- ☑ Understand the interest
- ☑ Have a plan to pay it back

Name: ____________________ Date: ____________________

Smart Borrowing Choices

Fundy is deciding whether to borrow money.
He wants a new video game now,
but he could also save for his bike repair.
What is the smarter choice? Why?

Fundy's Choice

A Borrow $60 for a new video game right now.

OR

B Save $60 for bike repair.

Which choice should Fundy make? (Circle one) **A** or **B**
Explain your answer using complete sentences.

____

____

____

When might it be okay to borrow?

Check all that apply.

- ☐ For an emergency
- ☐ For something I really need
- ☐ To start a business
- ☐ Because I don't feel like saving
- ☐ For something I want right now
- ☐ To help a family member in need

Other: ____________________

Before you borrow, ask yourself:

- ★ Do I really need this?
- ★ Can I save for it instead?
- ★ How long will it take to pay back?
- ★ Can I afford the payments?
- ★ Will this help me in the future?

Reflection: What is something you could save for instead of borrowing?

____

____

Alpha says:

Borrowing can be helpful,
but it should never be careless.
Borrow for needs, not just wants.
Plan today so you don't stress tomorrow!

SMART BORROWERS...

- ☑ Borrow for good reasons
- ☑ Understand the total cost
- ☑ Have a plan to pay it back
- ☑ Make choices that help their future