Borrowing Choices

Read how credit can help, cost more, and require a repayment plan.

SS.4.FL.4 "Using Credit"

NAME ______________________ DATE ____________

1 READ AND MARK

Read it twice

YOUR JOB Underline two actions a borrower should take. Circle two details that show credit could cost more than the amount borrowed.

Jordan's Bicycle Decision

1 Jordan wanted a $240 bicycle for a summer job. He had saved $160, so he considered using a store credit card for the other $80. Credit lets a buyer receive a good or service now and pay later. The buyer must repay the amount borrowed, usually by a set due date. A credit card is one way people use credit.

2 The card company would send Jordan a bill each month. If he paid only a small part of the bill, the unpaid balance could grow because of interest. Interest is a fee charged for borrowing money. Paying on time can help a person avoid late fees and protect a good credit history. Missing payments can lead to extra charges and money problems.

3 Before choosing credit, Jordan compared the total cost of different choices. He could wait and save the remaining $80, or use credit and read the card agreement. The agreement tells the interest rate, payment due date, and fees. Credit can be useful for a needed purchase when a person has a plan to repay it. It is risky to borrow more than the person can repay.

2 ANSWER WITH EVIDENCE

Use the passage

1. Why might Jordan need to use credit to buy the bicycle right away?

2. What could happen if Jordan pays only a small part of his bill each month?

3. Name two things Jordan can learn by reading the card agreement.

4. Which choice would let Jordan buy the bicycle without borrowing money?

3 YOUR TURN

Your own words

Imagine you want an item but do not have enough money. Write exactly three sentences. State whether you would save or use credit, give one reason, and describe one step you would take to avoid a money problem.

Borrowing Choices

PART 1 · READ AND MARK

Underline two actions a borrower should take. Circle two details that show credit could cost more than the amount borrowed. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	Why might Jordan need to use credit to buy the bicycle right away?	**The bicycle costs $240, but Jordan has saved only $160. He is $80 short.**
2	What could happen if Jordan pays only a small part of his bill each month?	**His unpaid balance could grow because interest is charged on borrowed money.**
3	Name two things Jordan can learn by reading the card agreement.	**The interest rate, payment due date, and fees. Any two are correct.**
4	Which choice would let Jordan buy the bicycle without borrowing money?	**He could wait and save the remaining $80.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

I need a $60 art kit and have $35. I will wait and save $25 because waiting means I will not pay interest. After I save enough, I can buy the kit without borrowing.

Accept wording that accurately explains the passage ideas about repayment, interest, fees, and saving. For the open response, accept either saving or using credit if the student gives a sensible reason and a realistic step to avoid a money problem.