

Being a responsible borrower

Students watch a role-play to learn about the behaviors of a responsible borrower and answer questions about borrowing.

Learning goals

Big idea

Borrowers who've paid back loans on time in the past may have a better chance of getting a loan in the future.

Essential questions

- How could a person's behaviors influence their ability to borrow money?
- How would a responsible borrower act?

Objectives

- Understand what makes a person a responsible borrower
- Identify behaviors that can help people get credit or hurt their borrowing reputation

What students will do

- Watch a role-play about borrowing.
- Identify the behaviors of a responsible borrower.

NOTE

Please remember to consider your students' accommodations and special needs to ensure that all students are able to participate in a meaningful way.

KEY INFORMATION

Building block:

-  Financial habits and norms
-  Financial knowledge and decision-making skills

Grade level: Middle school (6-8)

Age range: 11-14

Topic: Borrow (Getting loans)

School subject: CTE (Career and technical education), English or language arts, Fine arts and performing arts, Math, Social studies or history

Teaching strategy: Simulation

Bloom's Taxonomy level: Understand, Apply, Analyze

Activity duration: 45-60 minutes

National Standards for Personal Financial Education, 2021

Managing credit: 4-3, 8-5, 8-7

These standards are cumulative, and topics are not repeated in each grade level. This activity may include information students need to understand before exploring this topic in more detail.

Preparing for this activity

- While it's not necessary, completing the "Asking for a loan" activity first may make this one more meaningful.
- Print copies of all student materials for each student, or prepare for students to access them electronically.
- Print two copies of the role-play script at the end of this guide.
- To support Spanish-speaking students, there is a Spanish version of this activity.
 - You can use the worksheet available at https://files.consumerfinance.gov/f/documents/cfpb_building_block_activities_como-ser-un-prestatario-responsable_tabla.pdf.
 - A Spanish version of the guide is available at https://files.consumerfinance.gov/f/documents/cfpb_building_block_activities_como-ser-un-prestatario-responsable_guia.pdf.

What you'll need

THIS TEACHER GUIDE

- Being a responsible borrower (guide)
cfpb_building_block_activities_being-responsible-borrower_guide.pdf

STUDENT MATERIALS

- Being a responsible borrower (worksheet)
cfpb_building_block_activities_being-responsible-borrower_worksheet.pdf
- Role-play script: Borrowing money (in this guide)

Exploring key financial concepts

Sometimes when people want or need to buy something but don't have enough money for the purchase, they borrow money from someone else. Borrowing money is called a loan. Not everyone who applies for a loan is given one. A lender often decides whether to give a loan based on a borrower's past behaviors, such as how well they've repaid other loans. Trust between a lender and a borrower is based on what borrowers have done that gives them a reputation for being financially

TIP

Because products, terms, and laws related to loans change, students should be encouraged to always look for the most up-to-date information.

responsible. That's why people who don't pay back their loans may have a harder time getting another loan, may have to pay higher interest rates, or may not be able to borrow as much as they wanted or needed. On the other hand, people who have a history of paying back their loans on time may find it easier to get a loan in the future.

Teaching this activity

Whole-class introduction

- Ask students to share examples of times they borrowed something from someone.
- Introduce the topic of borrowing and lending money by asking students if they had \$10, whom would they be willing to loan their money to and why.
- Distribute the "Being a responsible borrower" worksheet to students.
- Be sure students understand key vocabulary:
 - **Borrower:** A person or organization that borrows something, especially money from a bank or other financial institution.
 - **Debt:** Money you owe another person or a business.
 - **Lender:** An organization or person that lends money with the expectation that it will be repaid, generally with interest.
 - **Loan:** Money that needs to be repaid by the borrower, generally with interest.
- Ask for two student volunteers to act out a role-play about borrowing in front of the class. Give them a copy of the script and assign each student a role.
 - Give the students time to read through the script before they act it out.
- Tell the rest of the class that while they watch the role-play, they should look for qualities and habits the borrower has that make him or her a responsible borrower.
- Ask the student volunteers to act out the script.

TIP

Visit CFPB's financial education glossary at consumerfinance.gov/financial-education-glossary/.

Individual work

- Students will work independently to answer the questions on the worksheet.
- Tell students to write three or four sentences describing what happened in the role-play, using the key vocabulary words on the worksheet.
- Have students answer the reflection questions.

Wrap-up

- Bring the class back together and discuss the ways in which the role-play highlighted the qualities of a responsible borrower and why those qualities are important.
- Ask volunteers to share their responses to the worksheet questions and discuss them as a class.
- Ask students to share their answers to the reflection questions.

Suggested next steps

Consider searching for other CFPB activities that address the topic of borrowing, including getting loans. Suggested activities include "Building a good borrowing reputation" and "Borrowing money for a house."

Measuring student learning

Students' answers on their worksheets and during discussion can give you a sense of their understanding.

Keep in mind that students' answers may vary, as there may not be only one right answer. Students' answers on their worksheets and during discussion can give you a sense of their understanding.

Role-play script: Borrowing money

Student 1: Hey!

Student 2: Hi!

Student 1: Do they have anything new at the school bookstore?

Student 2: I'm not sure. Let's go see.

[Students pretend to walk to the bookstore and look at what's for sale. Student 1 pretends to notice invisible ink pens or, if she or he chooses, a different item that a school bookstore sells.]

Student 1: Looks like they have invisible ink pens! They're awesome! I think I'll buy a couple of them.

Student 2: Cool! I think I'll buy some, too. I have some money left over from my babysitting job last night. By the way, thanks again for loaning me money last week to buy the notebook I needed to organize my science fair project.

Student 1: No problem. It was no big deal. You paid me back two days later, as soon as you had money.

Student 2: Yeah, I made sure I paid you back before I spent my money anywhere else. Plus, I was worried you might need that money to buy something you really need.

Student 1: Like some invisible ink pens? Ha, ha!

Student 2: Yes. Or a notebook of your own.

Student 1: Well, if you ever need to borrow money again, let me know. Now I really trust that you'll pay me back.

Student 2: Thanks! I definitely will.