Lesson Plan

Year 12 | Session 2 'Borrowing and Debt'

Flic Financial Literacy & Inclusion Campaign
Supported by the Financial Times

Learning objectives

1. Recognise situations that can lead to people being in debt (planned and unplanned borrowing)
2. Analyse the benefits and risks of borrowing money
3. Assess the best borrowing option given different loan products

Resources needed for the lesson [worksheets, print-outs etc]

- Mini-whiteboards encouraged (not essential)

Activity	Description	Timing
LO 1 - Recognise situations that can lead to people being in debt (planned and unplanned borrowing)		
Starter - Mind map reasons people may borrow	Students create a mind map, detailing reasons why people may borrow money. Guidance on responses is below slides. The conversation may lead into the notion of debt: details also in slide notes. Teacher gathers responses from students and writes these on the board.Then invite students to differentiate between planned and unplanned borrowing.	**5 mins**
Money mindsets	Students discuss in pairs the extent to which they agree with the following statements. They may show on mini-whiteboards their response by drawing a continuum (as on the slide)1) It is never a good idea to borrow money 2) Unplanned borrowing is always a bad idea3) As long as I plan my borrowing, I won't have any issues. Expected student feedback and prompt questions are provided to aid this discussion.	**5 mins**
LO 2 - Analyse the benefits and risks of borrowing money		
'Good' debt vs 'bad' debt	Students will watch a series of videos detailing reasons why borrowing can be risky. Students will need to draw these out and explain them in their own words. Students will then need to identify reasons as to why borrowing may be beneficial. They may wish to draw on their thoughts from the discussion on planned and unplanned borrowing. Expected student feedback is provided in the slide's notes section	**10 mins**
LO 3 - Assess the best borrowing option given different loan products		
Secured and unsecured loans	Teacher led discussion of the two main types of loans: secured and unsecured. Follow with a discussion on associated interest rates. Secured loans tend to offer both lower interest rates and higher loan amounts, simply because the risk to the lender is lower, as they can recoup a lot of (if not all) the money in the event you fail to repay it.The idea of this section is for students to gain an understanding that not all debt is equal, and borrowers may face vastly different rates of interest dependent on the type of borrowing they take out. Students will then determine which specific types of loans are secured and unsecured. Mini-whiteboards might be used.	**10 mins**
Pros and cons of bank loans	Students think and discuss the question before sharing ideas with the class. Responses are supported on the slides	**5 mins**
What's the best buy? Assessing financing options	Students are introduced to different finance options. Encourage students to evaluate each finance option and the pros and cons of each.	**10 mins**
Reflection	Students consolidate learning by giving Zara advice about taking out a loan	**5 mins**