## HS.PFE.B.3

### STANDARD STATEMENT:

*Evaluate repayment strategies, risks and costs for various types of consumer credit use, including simple or compound interest calculations.*

### ESSENTIAL QUESTIONS:

By the end of the unit, students should be able to answer:

- What are the key differences between revolving credit (e.g., credit cards) and installment credit (e.g., auto loans or furniture financing)?
- How do these differences impact repayment strategies and overall costs?
- What options can you explore to manage debt repayment effectively?

### PNWFCU LESSON THAT MEETS THE STANDARD:

- Compound Interest

### SUPPORTING RESOURCES:

- Open Education Resources/Oregon Open Learning Group
- The Cost of Borrowing Money Lesson Plan
- Take Control of Debt – The Cost of Credit

### POTENTIAL STUDENT ACTIVITIES:

Debt Repayment Scenarios:

- Provide students with different debt scenarios (e.g., credit card balances, student loans, car loans).
- Ask them to calculate how long it will take to pay off the debt using various payment options:
    - Minimum payments: Show the extended time it takes to pay off with minimum payments.
    - Fixed payments: Calculate the duration with consistent fixed payments.

    - Aggressive payments: Explore paying more than the minimum to accelerate debt repayment.
- Discuss the trade-offs between paying less over time, versus paying more up front.
- Calculate Simple and Compound Interest: Understand the difference between simple and compound interest and apply the formulas.
- Present scenarios where students need to calculate interest.
- For simple interest, provide a principal amount, interest rate, and time period.
- For compound interest, include compounding intervals.

## QUESTIONS:

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