

Borrowing and lending money

After learning what it means to be a responsible borrower or lender, students write their own ending to a short story about borrowing and lending money.

Learning goals

Big idea

It's helpful to have an agreement for borrowing or lending money and to stick to that agreement.

Essential questions

- What makes a good borrower?
- What makes a good lender?

Objectives

- Explore the characteristics of a good borrower and a good lender
- Understand the importance of sticking to an agreement when you borrow or lend something

What students will do



- Read a story about borrowing and lending money.
- Write an ending for the story.

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: Elementary school (2-3, 4-5)

Age range: 7-9, 9-11

Topic: Borrow (Getting loans)

School subject: English or language arts, Social studies or history

Teaching strategy: Direct instruction

Bloom's Taxonomy level: Understand, Apply, Create

Activity duration: 45-60 minutes

National Standards for Personal Financial Education, 2021

Spending: 4-1, 4-2, 4-3

Managing credit: 4-1, 4-2, 4-3

Managing risk: 4-1, 4-2

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 "[Becoming a trustworthy borrower](#)" 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.
- You may consider printing a copy of the "[Borrowing and lending money](#)" worksheet for yourself so you can refer to the story if needed.

What you'll need

THIS TEACHER GUIDE

- [Borrowing and lending money \(guide\)](#)
[cfpb_building_block_activities_borrowing-and-lending-money_guide.pdf](#)

STUDENT MATERIALS

- [Borrowing and lending money \(worksheet\)](#)
[cfpb_building_block_activities_borrowing-and-lending-money_worksheet.pdf](#)

Exploring key financial concepts

Sometimes people borrow money and other things from people or businesses who are willing to lend it to them. To borrow is to receive something on loan with the understanding that you will return it. A borrower is a person or organization that borrows something (such as money from a bank or other financial institution) that belongs to someone else for a period of time and then returns it (or pays it back). A lender is a person or organization that gives someone the use of money or something else for a period of time. A lender expects to be repaid, or get back what they lent. Often the borrower must pay interest, which is the cost of borrowing. If someone borrows something from you, you are the lender and they are the borrower.

When you borrow something, it is important to be a trustworthy and responsible borrower. Some possible ways to be a responsible borrower are to:

- Ask for permission to borrow something.
- Ask when you should return it.

TIP

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

- Take good care of it while you're using it.
 - Return it on time and in good condition.
 - Thank the person who lent it to you.

When you lend something, it's also important to be a thoughtful and dependable lender. Some possible ways to be a responsible lender are to:

- Tell the borrower when you want something returned.
- Trust that your borrower is taking good care of what you lent them.
- Expect it to be returned on time and in good condition.
- Thank the borrower for returning it to you.

Both borrowers and lenders need to be honest and trust each other. They need to follow through with the plan they agreed to.

Teaching this activity

Whole-class introduction

- Ask students to share an example of a person borrowing something.
 - Ask students to share examples of things that they think good borrowers do.
- Ask students to share an example of a person lending something.
 - Ask them to share examples of things they think good lenders do.
- Read the "Exploring key financial concepts" section to the class.
- Be sure students understand key vocabulary:
 - **Borrow:** To receive something on loan with the understanding that you will return it.
 - **Lend:** The act of giving something to someone with the understanding that they will give it back to you.

TIP

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

Individual work

- Give each student the "Borrowing and lending money" worksheet.
- Review the worksheet directions with the students.

- Make sure they understand that they'll read the story and then write their own ending that highlights things good borrowers and lenders do.
 - Their ending should show at least one thing each character can do to be a good borrower and a good lender.
 - Encourage them to review the lists of things good borrowers and lenders do on the worksheet.
 - You may want to have older students complete two endings – one from each character's perspective. If so, have them complete the additional ending on another piece of paper.
- Give students time to write their story endings.

Wrap-up

- Organize students into groups of three or four.
- Have them take turns reading their story endings to their group and sharing why they chose to end the story that way.

Suggested next steps

Consider searching for other [CFPB activities](#) that address the topic of borrowing, including getting loans. Suggested activities include "[Sharing a story about borrowing](#)" and "[Writing about borrowing](#)" (grades 4-5).

Measuring student learning

Students' story endings and answers during discussion can give you a sense of their understanding.

Keep in mind that students' story endings may vary, as there may not be only one right approach. The important thing is for students to have reasonable justification for their approach.