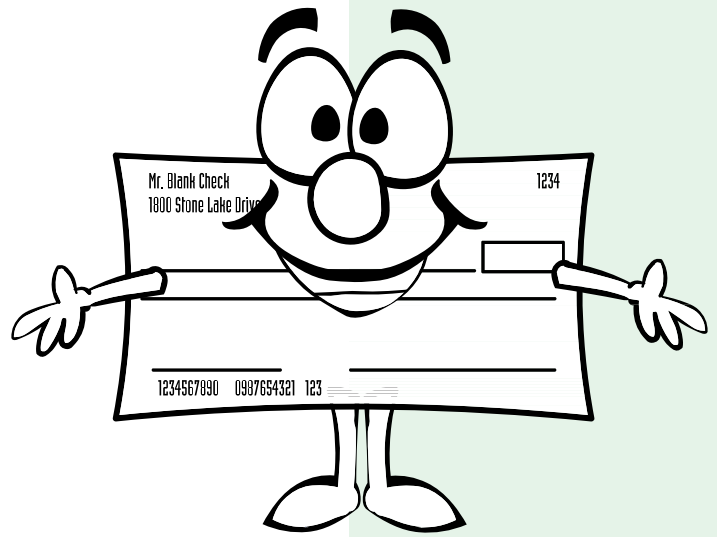


Borrowing and Lending



Overview

Students share the book *Ben and Me*, by Robert Lawson, to learn about borrowing, lending, and interest. Students complete a worksheet about borrowing money, create a table that shows the advantages and disadvantages of borrowing money, and role-play borrowing and lending money.

Prerequisite Skills

None

Lesson Objectives

Students will be able to:

- Explain where people can get a loan
- Discuss why people get loans
- Define the term *interest*
- Explain the advantages and disadvantages of borrowing money

Materials List

1. Book: *Ben and Me*, by Robert Lawson (Little, Brown and Company, 1967)
2. Chalkboard or chart paper
3. Handouts:
 - **Ben Franklin's Maxim** worksheet
 - **Borrower** cards

Content Standards

The activities in this lesson correlate to national standards in economics and language arts. See the end of this lesson for content standards information.

Vocabulary

collateral
credit
interest
loan
savings

Large-Group Activity

Materials

- Book: *Ben and Me*
 - Handout: **Ben Franklin's Maxim** worksheet
1. Gather students to share the book *Ben and Me*.

- Say:

Can anyone tell me who Benjamin Franklin was?

Allow students to respond. Students may say that Benjamin Franklin was a famous inventor, a diplomat, one of the people who signed the Declaration of Independence, or a delegate to the Constitutional Convention.

I'm going to read you several chapters from the book *Ben and Me*. This book is historical fiction. Can anyone tell me what historical fiction means?

A historical fiction book is a book that is based on history but is not true.

***Ben and Me* describes the life of Benjamin Franklin from the viewpoint of his dear friend, Amos the Mouse.**

- Read chapters nine through 11 aloud to students.
2. Discuss the book with the class.
 - **According to Amos, who were the two most important people on the committee to draft the Declaration of Independence?**

Amos thought that Thomas Jefferson and Benjamin Franklin were the two most important people.
 - **What major event was taking place in America?**

These chapters discuss the American Revolution.
 - **According to Amos, who was the true author of the Declaration of Independence?**

According to Amos, a mouse named Red wrote the Declaration of Independence.
 - **Why did the Colonies need to appeal to some foreign power for aid?**

The Colonies needed money for shoes and uniforms for their soldiers, powder, and arms.
 - **What country did the Colonies seek help from?**

The Colonies sought help from France.
 - **How was Benjamin Franklin able to persuade the King and Queen of France into loaning the Colonies millions of francs?**

According to Amos, Ben used flattery and smooth-tongued promises.

3. Discuss this lesson’s economic concepts: borrowing, lending, and interest.

- **In this story, the Colonies needed shoes, uniforms, gun powder and arms. How did the Colonies get these supplies?**

The Colonies received a loan from France.

If you don’t have enough money to buy an item you want, what can you do?

Allow students to share their ideas.

If you don’t have enough money to buy something you want, you can save your money until you have enough to buy the item, you can earn the money by working, or you can **borrow money. Who can people borrow money from?**

Students may say you can borrow money from friends and family or from a bank.

You can borrow money from friends and family, or you can get a **loan from a bank. When you get a loan, you borrow money and promise to repay the money. You will have to pay back more money than you borrowed because banks charge people **interest** when they **lend** people money. This means the bank charges you a certain amount of money for every dollar that you borrow.**

Have any of you seen friends or family use a **credit card? What is a credit card?**

Have students respond. Students may say that people use credit cards to purchase items they want.

A credit card is another type of loan. When you use a credit card to purchase an item, you don’t have to pay for the item right away. The bank that issued your credit card is lending you the money to buy the item you have charged to your credit card. Later, you will get a bill from the bank asking you to repay the money. If you don’t pay it back, the bank will charge you interest.

Hold up a copy of the **Ben Franklin’s Maxim** worksheet.

Ben Franklin was famous for his maxims. Maxims are words of wisdom. In *Ben and Me*, Amos talks about one of Ben’s maxims, “He that goes a-borrowing goes a-sorrowing.” What do you think this maxim means? Draw a picture that explains this maxim. Then write a paragraph that explains what you think this maxim means.

Allow students to work on the worksheet while you work with individual groups in the following small-group activities. After small-group work, you may want to have students share their paragraphs with the class.

Small-Group Activity One: Borrowing Money

Concepts Taught

Borrowing, Lending

Materials

- Book: *Ben and Me*
- Handout: **Borrower** cards, cut apart (**NOTE: You may want to laminate these cards for durability.**)

1. Begin Activity One: Borrowing Money.

○ Say:

What did Ben Franklin do to get a loan from the King and Queen of France?

Allow students to respond. According to Amos, Ben used flattery and smooth-tongued promises.

Ben used flattery and smooth-tongued promises to get a loan from the King and Queen of France. Do you think you can use flattery to get a loan from the bank?

Most students will answer no.

Most banks will gather information about you before giving you a loan. What type of information do you think banks look at?

Have students share their ideas.

Suppose that one of your friends has asked to borrow a pencil three times. Every time this friend borrowed a pencil, he or she never returned it. If this friend asked to borrow a pencil again, would you loan him or her a pencil? Why or why not?

Allow students to respond.

Before lending people money, banks look at your past history in paying back loans. Lenders are more likely to loan money to people who have a good history of repaying loans. Lenders may be unwilling to loan people money if they have a poor history of repaying loans.

Would you loan someone money if you knew that he or she would never be able to earn money to pay you back?

Most students will respond no.

Lenders also look at whether or not you will earn enough money to repay the loan. If you do not have any source of income, lenders may be unwilling to loan you money.

Lenders also check if you have any **collateral. Collateral is something of value that can be taken if you do not repay a loan. What do you think can be used as collateral?**

Have students respond. Students may say a house or a car.

2. Have students role-play borrowing and lending.

- Divide the group in half. Assign one-half of the group to be lenders and the other half to be borrowers. Give each borrower a lender card.

You are going to role-play borrowing and lending money. Each borrower will read his or her card to a lender. The lender will then decide if he or she will loan money to this person.

Have each borrower read his or her card to the lender. Then ask the lender to decide if he or she will loan money to this person. Have the lender explain why or why not.

Small-Group Activity Two: Advantages and Disadvantages of Borrowing Money

Concepts Taught

Borrowing and Lending

Materials

- Book: *Ben and Me*
- Chalkboard or chart paper

1. Begin Activity Two: Advantages and Disadvantages of Borrowing Money.

- Say:

The Colonies borrowed money from France because they didn't have money to buy things they needed immediately. Why do you think people today borrow money from banks and use credit cards?

Allow students to respond. Students may say people borrow money to purchase large items such as houses and cars or to purchase other items immediately.

Borrowing money has lots of advantages and disadvantages. Let's make a chart that shows the advantages and disadvantages of borrowing money.

- Draw a table on the chalkboard or on chart paper. This table should have two columns. At the top of one column, write "advantages." At the top of the other column, write "disadvantages."

Have students name some advantages and disadvantages. Write their responses in the table.

2. Have students create a presentation about why they would or would not borrow money.

- **Imagine that you are at the local shopping mall with your friends. A pair of shoes that you want to purchase is on sale. You don't have any money to buy these shoes, but you do have a credit card. Would you use the credit card to buy this item? Why or why not? Create a presentation that describes the situation and explains whether or not you would use a credit card to purchase the item.**

If time permits, have students share their presentation with the class.

Assessment

Check students' understanding by listening carefully to the responses they give during group discussions and on the **Ben Franklin's Maxim** worksheet. Give students a blank piece of notebook paper. Ask students to write a paragraph that explains the relationship between saving money and earning interest and borrowing money and paying interest.

Suggested Online Activity

NOTE: Teachers should preview all sites to ensure they are age-appropriate for their students. At the time of publication, all URLs listed here were valid. In addition, some Web sites provide lessons via pop-up screens, so you may have to disable your computer's pop-up blocker software to access them.

What Is Your Credit Card IQ?

Have students visit www.themint.org/owing/whatisyourcreditiq.php, sponsored by Northwestern Mutual. At this site students can take an online quiz and test their knowledge of credit cards.

National Standards Correlations

Economics

The activities in this lesson correlate to the following Voluntary National Content Standards in Economics, as determined by the National Council on Economics Education, found at: www.ncee.net/ea/standards.

Standard 10: Role of Economic Institutions

Students will understand that: Institutions evolve in market economies to help individuals and groups accomplish their goals. Banks, labor unions, corporations, legal systems, and not-for-profit organizations are examples of important institutions. A different kind of institution, [and] clearly defined and enforced property rights, [are] essential to a market economy.

K–4 Grade Benchmarks:

- Banks are institutions where people save money and earn interest, and where other people borrow money and pay interest.
- Saving is the part of income not spent on taxes or consumption.

Standard 11: Role of Money

Money makes it easier to trade, borrow, save, invest, and compare the value of goods and services.

K–4 Grade Benchmarks:

- People consume goods and services, not money; money is useful primarily because it can be used to buy goods and services.

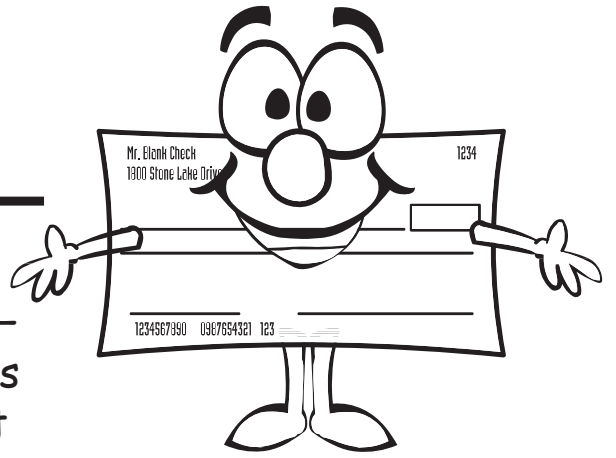
Language Arts

This lesson, based on the children's book *Ben and Me*, by Robert Lawson, also correlates to the following *Standards for the English Language Arts*, from the National Council of Teachers of English, found at: www.ncte.org/print.asp?id=110846&node=204.

1. Students read a wide range of print and non-print texts to build an understanding of texts, of themselves, and of the cultures of the United States and the world; to acquire new information; to respond to the needs and demands of society and the workplace; and for personal fulfillment. Among these texts are fiction and nonfiction, classic and contemporary works.
3. Students apply a wide range of strategies to comprehend, interpret, evaluate, and appreciate texts. They draw on their prior experience, their interactions with other readers and writers, their knowledge of word meaning and of other texts, their word identification strategies, and their understanding of textual features (e.g., sound-letter correspondence, sentence structure, context, graphics).

Ben Franklin's Maxim

Name _____



Ben Franklin was famous for his maxims — his words of wisdom. In *Ben and Me*, Amos talks about one of Ben's maxims: "He that goes a-borrowing goes a-sorrowing." What do you think this maxim means? Draw a picture that explains this maxim. Then write a paragraph that explains what you think this maxim means.



Borrower Cards

Teacher: Cut out these cards and laminate them for sturdiness before proceeding with the Borrowing Money Activity.

I need \$2.00 for bus fare. I can pay you back tomorrow when I get paid for baby-sitting. I already owe you \$5.00, and I have a history of not paying you back. I offer to let you keep my CD player until I can repay you.

I have only \$5.00. I need \$10.00 to buy a jacket that is on sale. I have borrowed small amounts of money in the past and have always paid you back.

I need \$1.50 to buy lunch. I can pay you back when I get my allowance at the end of the week.

I need \$30.00 to buy a new baseball glove. I have enough money at home in my piggy bank to give you half of what I need to borrow. I can take the rest out of my allowance over the next few weeks.

I need \$10.00 to buy a birthday present for my sister. I have a history of not paying you back.

I need \$5.00 to buy a slice of pizza and a drink. I have never borrowed money from you before. I don't get an allowance, and I don't work.