

NAME: _____

DATE: _____

CASE STUDY

Kai's Costs

What + Why: Analyze Kai's borrowing options to determine how repayment timelines, interest, fees, and missed payments affect total cost and financial risk.

We've already examined Kai's four loan options and identified the credit structure for each. Now, we're going to analyze what each of his options actually costs. Each option gives Kai access to the same \$1,500, but the repayment terms, fees, and timelines can change how much the laptop actually ends up costing.

Supporting Materials

Laptop Financing Options (Case Study)

Instructions:

1. Carefully review and analyze the Laptop Financing Options case study information provided.
2. Answer the questions below. Note: Use broad descriptions, not calculations. Those will come later in the unit.

Our Group's Laptop Financing Option: _____

Use specific evidence to answer each question:

1. How does repayment work for this option?

2. Describe the interest rate for this option.

3. What fees or penalties could increase the total amount paid?

4. Evaluate whether repayment remains manageable if Kai's income or financial circumstances change. What would have to stay true for this option to remain affordable over the full repayment period?

5. What financial risks should Kai consider before choosing this option?

6. What happens if Kai misses a payment for this option? Create a chain reaction that includes:
 - fees or penalties that could be triggered
 - changes to interest or borrowing costs
 - possible effects on future borrowing

Individually answer the following questions to prepare for upcoming work:

Choose two of Kai's financing options: _____
and _____

Answer the following questions. Use one piece of evidence from the case materials that supports each observation.

1. What is one key difference in how credit works between them? (Consider elements such as revolving or installment, requiring collateral vs. not, the grace period allowed, etc.)
2. What are the key differences in what each option costs? (Consider the monthly payment, total amount repaid, fees, and what long-term financial flexibility looks like if repayment becomes difficult.)