

NAME: _____

DATE: _____

ACTIVITY

Borrowing Timeline

What + Why: Analyze a form of credit and create a visual explanation that shows how it works over time so you can clearly understand how borrowing creates responsibility.



Using credit is not just about the moment you borrow. There is an agreement before, a borrowing decision, and a repayment process after. Your job is to figure out the full story.

Part 1

Instructions:

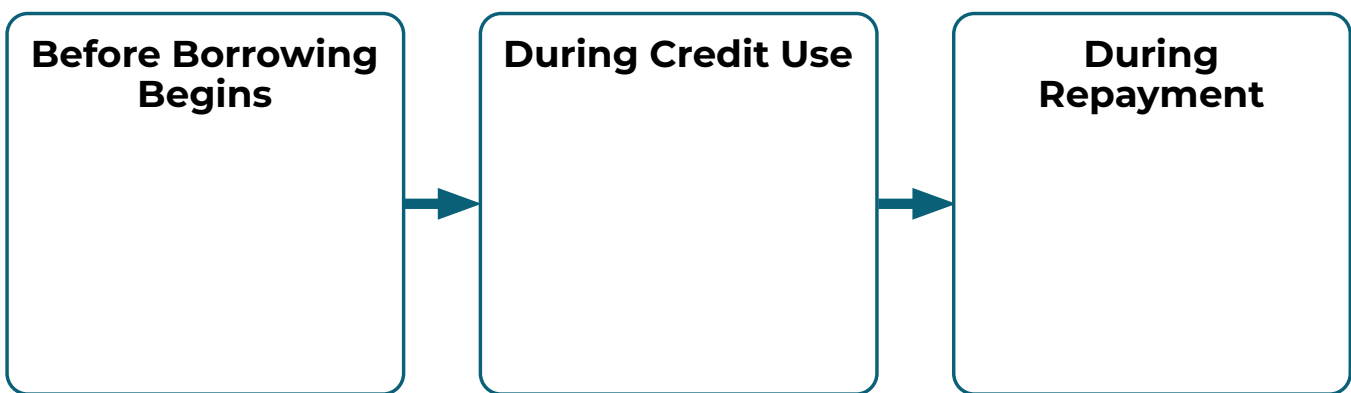
1. Read your “fine print” carefully.
2. As a group, answer the questions. These answers will help guide your upcoming presentation.

Part 2

Instructions:

1. Create a visual representation of the borrowing timeline that shows:
 - What happens before the borrowing begins?
 - What happens when the credit is used?
 - What happens during repayment?
2. Make sure your explanation is clear enough that someone who has never used this form of credit could understand how it works.

EXAMPLE: This visual shows one way your borrowing timeline could be organized. You may use it, adapt it, or create a completely different design that shows what happens before, during, and after the purchase.



Part 3

Instructions:

1. Choose how you want to present your timeline and prepare a brief presentation. (No more than two minutes!) Be creative! Be sure you cover the following three things:
 - What makes your form of credit unique? (Who provides the money and when does repayment start?)
 - One thing that surprised your group or that others might not expect.
 - What repayment risk or trade-off should a borrower understand before choosing this form of credit?

Key Terms

- **annual percentage rate (APR):** the amount of interest charged for any unpaid balance
- **interest:** the cost of borrowing money, usually expressed as a percentage of the amount borrowed
- **interest rate:** the price paid, expressed as a percentage, for borrowing money for a period of time
- **grace period:** a set length of time after the due date during which payment may be made without penalty

Credit Card Fine Print

 Charge Ahead Credit Card Company		How It Works
 Purchase Amount: \$1,200  Credit Limit: \$3,000  Annual Percentage Rate (APR): 22% variable  Grace Period: 25 days  Minimum Payment: 2% of balance or \$25 (whichever is greater)	1 Charge Ahead pays the seller immediately when you use the card. 2 You receive a monthly statement with a due date. 3 If you pay the full \$1,200 within 25 days, no interest is charged. 4 You can continue using the card for new purchases as long as you stay within the credit limit. 5 If you carry a balance, interest is added at 22% APR on the remaining amount.	
If You Pay Only the Minimum	\$ Fees	Autopay Perk
Estimated repayment time: about 5 years Estimated total paid: \$1,920 Estimated total interest paid: \$720	Late payment fee: up to \$35 Over-limit fee: up to \$30	If you enroll in autopay, you avoid late fees (as long as funds are available).
Missed Payment - Late fee added - Interest continues to accrue - May negatively impact credit score (the three-digit number lenders use to evaluate repayment reliability)		

Buy Now, Pay Later (BNPL) Fine Print



Purchase Amount:
\$1,200



Repayment Plan:
4 equal payments
of \$300 over 8 weeks



Interest:
0%
if paid on time

How It Works

- 1** The BNPL company pays the seller at checkout.
- 2** The purchase amount is divided into equal payments that must be paid over time.
- 3** First payment of \$300 is due at purchase.
- 4** Remaining payments are automatically withdrawn every two weeks.

■ Total Paid

If all payments made on time: **\$1,200**

■ Fees

\$10 late fee per missed payment

■ Autopay Requirement

Payments are automatically withdrawn from a linked account.

■ Missed Payment

- Late fee added
- Additional late fee may be added if the payment remains unpaid
- Account may be restricted or suspended
- Some providers report missed payments to credit bureaus

Personal Loan Fine Print



Community Bank or Online Lender



Loan Amount:
\$1,200



**Annual Percentage
Rate (APR):**
14% fixed



Repayment Term:
24 months



Monthly Payment:
\$58



Origination Fee:
3% (\$36 deducted
from loan)

**How It Works**

- Once approved, \$1,164 is deposited into your account (loan minus origination (processing) fee).
- The loan is paid back in equal monthly payments over 24 months.
- First payment is due one month after the loan is issued.
- Interest is added immediately at 14% APR.

**Total Paid Over 24 Months**

- Total of payments: **\$1,392**
- Total interest + fees paid: **\$228**

**Autopay Perk**

0.25% interest rate reduction if enrolled in automatic payments.

**Fees**

\$25 late payment fee

**Missed Payment**

- Late fee added
- Interest continues to be added to the remaining balance
- May negatively impact credit history (the documented record of how you've managed borrowing and repayment over time)

Store Financing (Promotional Credit) Fine Print

Retail Store Partnered with Financing Company



Purchase Amount:

\$1,200

Credit Limit:

\$2,000

Promotion:

0% interest for 12 months

Deferred Interest Annual Percentage Rate (APR): 26%

Minimum Payment Required Monthly

HOW IT WORKS

- The financing company pays the store at checkout.
- You must make minimum payments each month.
- If the full \$1,200 is paid within 12 months, no interest is charged.
- The account can be used again up to the credit limit.

IF PAID WITHIN PROMOTION

Total paid: **\$1,200**

IF BALANCE REMAINS AFTER 12 MONTHS

- Deferred interest applied retroactively (back in time to when the loan started) at **26%** APR.
- Estimated interest added: **\$312**
- New total: **\$1,512**

FEES

Late payment fee: up to **\$35**

MISSED PAYMENT

- Promotion may be canceled
- Interest may apply immediately
- Late fees added

Student Loan Fine Print

NOTE: This is an **unsubsidized** loan, which means interest begins building as soon as the money is sent to the school, even before repayment begins. A **subsidized** loan works differently. The government covers the interest while the student is still in school.



Federal Unsubsidized Student Loan Program

Loan Amount: \$1,200

Interest Rate: 5% fixed

Repayment Term (Standard):

48 months (4 years)

Grace Period:

6 months after leaving school

HOW IT WORKS

- Funds are sent directly to the school.
- Interest begins being added when the loan money is sent out to the school.
- The loan is repaid in set monthly payments over the 48-month term.
- Repayment begins after the 6-month grace period.



Monthly Payment

Approximately \$28 per month for 48 months (4 years).



Total Paid Over 48 Months

- Total repaid: **\$1,344**
- Total interest paid: **\$144**



Autopay Perk

0.25% interest rate reduction for automatic payments.



Missed Payment

- Late fees may apply
- Loan may enter default
- Default significantly damages credit history (a long-term record of missed payments and unpaid debt that can affect borrowing access for years)
- Students struggling to make payments may qualify for forbearance (payments paused, but interest continues to build) or deferment (payments paused and interest does not accrue) based on financial hardship