

- IT'S A -
**MONEY
THING**[®]

Junior

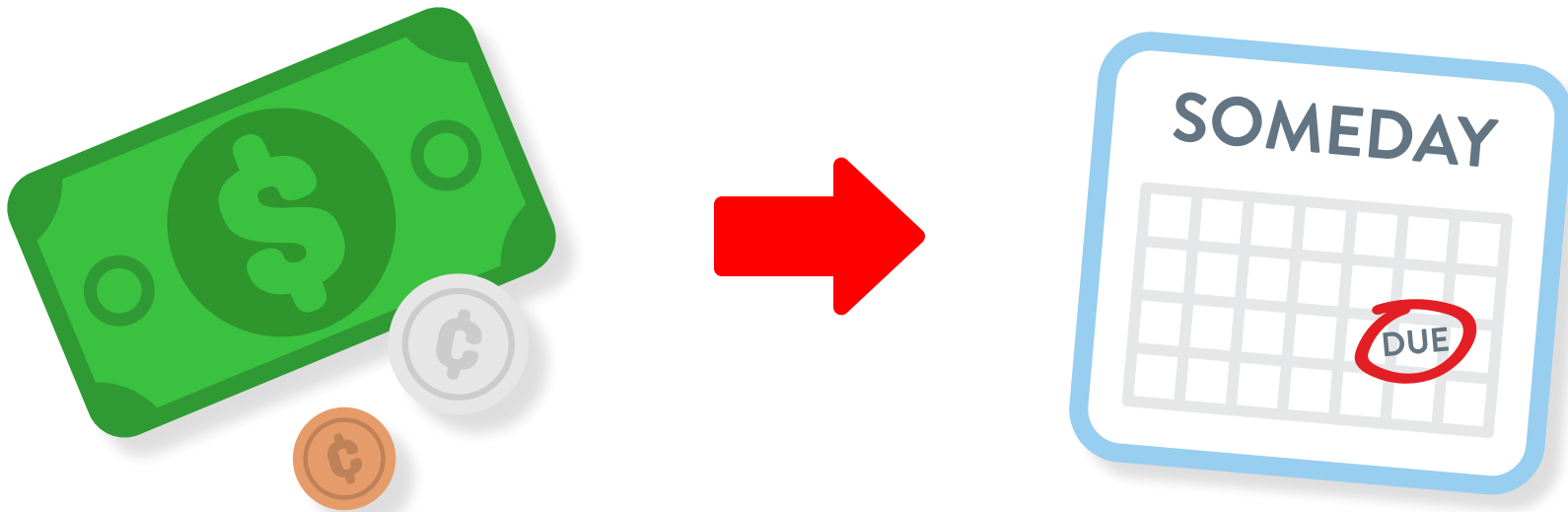
BORROWING MONEY

BROUGHT TO YOU BY



LUMINUS
FINANCIAL

Borrowing money allows you to
buy something **now** and pay for it **later**



There are
different ways to
borrow money:



Credit Cards



Loans

Which option do you think **costs more**?



Borrowing
money to buy
something



Saving up to buy
something with
your own money

Which option do you think **costs more**?



**Borrowing
money to buy
something**



Saving up to buy
something with
your own money



Borrowing money costs you more
because of **interest**.

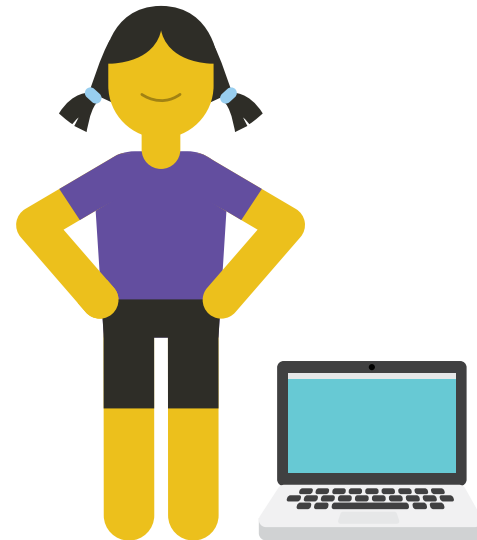
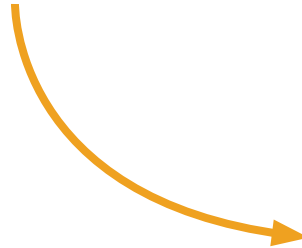
What is

INTEREST?

Interest is the price you pay
for using someone else's money.

EXAMPLE

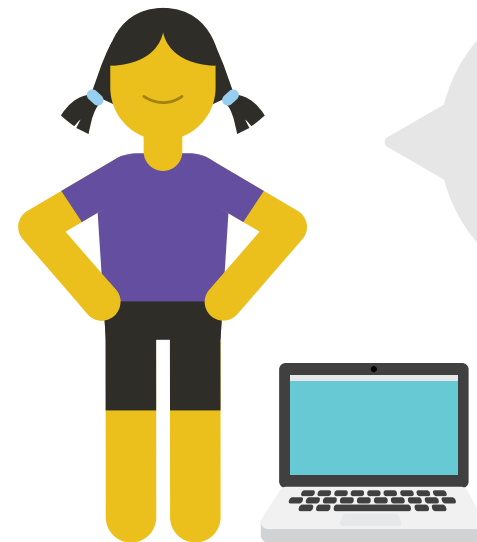
You want to borrow **\$100** from the bank or credit union in order to buy a new laptop now.



EXAMPLE

The bank or credit union will lend you the money if you agree to pay **\$20** in interest.

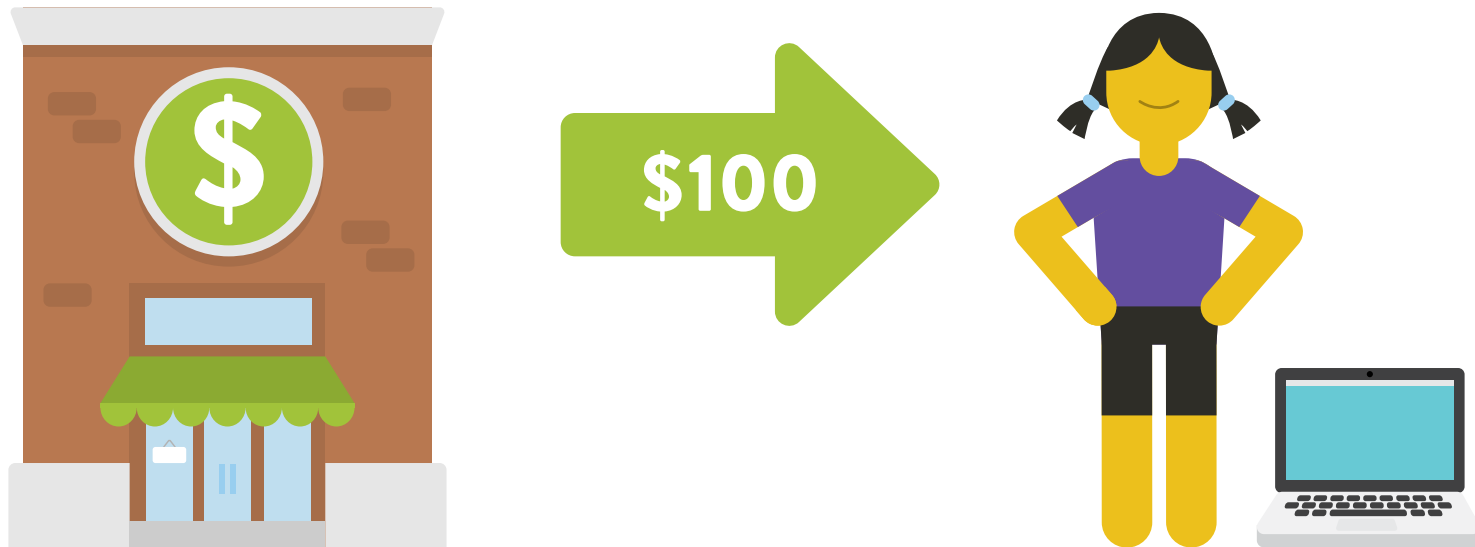
We will charge you \$20 interest, OK?



OK!

EXAMPLE

You agree to pay **\$20** in interest, the bank or credit union lends you money and you buy the laptop.



EXAMPLE

When it's time to repay the loan, you owe the bank or credit union **\$100 plus \$20** interest.



EXAMPLE

You repay the bank or credit union **more** money than you borrowed in the first place.



Why do people

BORROW MONEY?



They don't want
to wait to buy
something



They need help
buying something
really big



There is an
emergency they did
not save money for



People often borrow money
to help pay for these items—
**what do these items have in
common?**



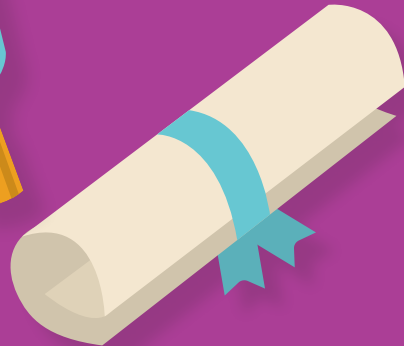


You **can** save up for these items yourself, but it would probably take a **very** long time.





By borrowing money, you can start using what you buy (while you're still paying for it).



Repaying

BORROWED MONEY



WHEN YOU REPAY AS PROMISED:

- You build a good reputation (“good credit”)
- The bank or credit union is likely to lend you money in the future



WHEN YOU DO NOT REPAY AS PROMISED:

- You build a bad reputation (“bad credit”)
- The bank or credit union may charge you more interest
- The bank or credit union may refuse to lend you money in the future

ASK YOURSELF:

What can you start doing today
to **avoid** the need to borrow money
in the future?

BROUGHT TO YOU BY



LUMINUS
FINANCIAL

- IT'S A -
MONEY
THING®