

Consumer Skills

LESSON FOUR

EVERFI Financial Literacy

Duration: 45 Minutes

Prerequisite: None

Objectives

1. Make criterion-based financial decisions by systematically considering alternatives and consequences
2. Evaluate various methods for acquiring goods and making major purchases (borrowing, renting, leasing)

Materials

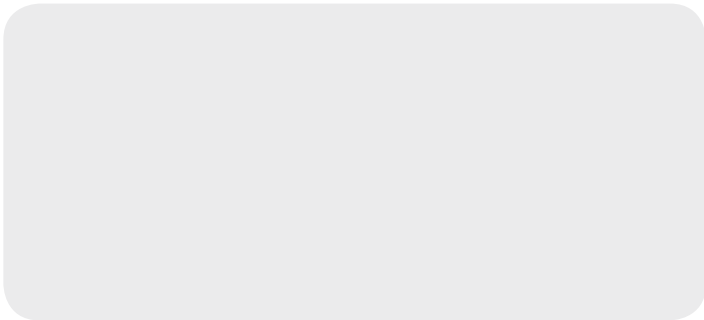
- Paper
- Writing utensils
- Post-Its

Notes (differentiation, student groupings, additional questions, etc.):

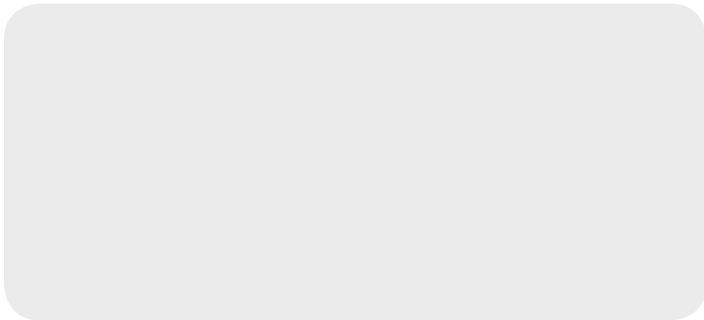
SECTION	DESCRIPTION	STRUCTURE	DURATION
Opening	<p>Discuss renting and leasing with your students.</p> <ul style="list-style-type: none">• What are some things that people rent or lease?• What things do you plan to rent and lease in the near future and why would you choose that over buying?	<p>Discuss with a partner</p> <p>Share out with the class</p>	2 mins
New Learning	<p>Share with your students that they will be looking more closely at leasing versus buying by watching a video about leasing versus buying a car.</p> <p>Watch this video (3:07 minutes):</p> <p>Have students answer this question.</p> <ul style="list-style-type: none">• What are the pros and cons to buying versus leasing a new car?	<p>Watch as a class</p> <p>Read in small groups, partners, or individually</p> <p>Discuss as a class</p>	8 mins

SECTION	DESCRIPTION	STRUCTURE	DURATION
Activity	<p>Assign one of the following categories of things to lease and the associated article to each group.</p> <ul style="list-style-type: none"> • Rent to own electronics • Leasing a car • Renting a house <p>Have each group prepare a scenario that includes:</p> <ul style="list-style-type: none"> • Title of their assigned category • A scenario when they would choose to lease and at least three reasons why • A scenario when it would not make sense to lease with three supporting reasons <p>Have each group give three-minute presentations explaining their findings.</p>	<p>Read in small groups, partners, or individually</p> <p>Create 2 scenarios in small groups</p> <p>Persuasively present to the class</p>	25 mins
Discussion	<p>Discuss the presentations and readings:</p> <ul style="list-style-type: none"> • Why do you think people choose to lease something when it is not financially advantageous to them? • What can you do to make sure you are making financial decisions that are to your benefit when trying to decide to lease/rent or buy? <p><i>Note: Highlight how a "good decision" is based on many factors and is not universal. Higher-value items usually having leasing options as opposed to buying. One decision over the other might make sense depending on individual circumstances.</i></p>	Discuss as a class	5 min
Closing	<p>"Great work, everyone! Today we learned that there are some key points to take into consideration when making the financial decision to rent or lease versus buying. There are many factors to think about and decisions should be made carefully, taking into account the individual's current situation."</p>	Formalize learning with the whole group	1 min
Evaluation	<p>At the end of the lesson, have students answer this question as an exit ticket:</p> <ul style="list-style-type: none"> • What is one tip you would give to a friend about what to evaluate when making a decision about renting/leasing vs. buying? 	Access individually	1 min
Homework (Optional)	<p>Students can read about different case studies and complete the handout titled Rent-Lease-Buy Finance Decisions.</p>	Complete in partners or individually	20 min

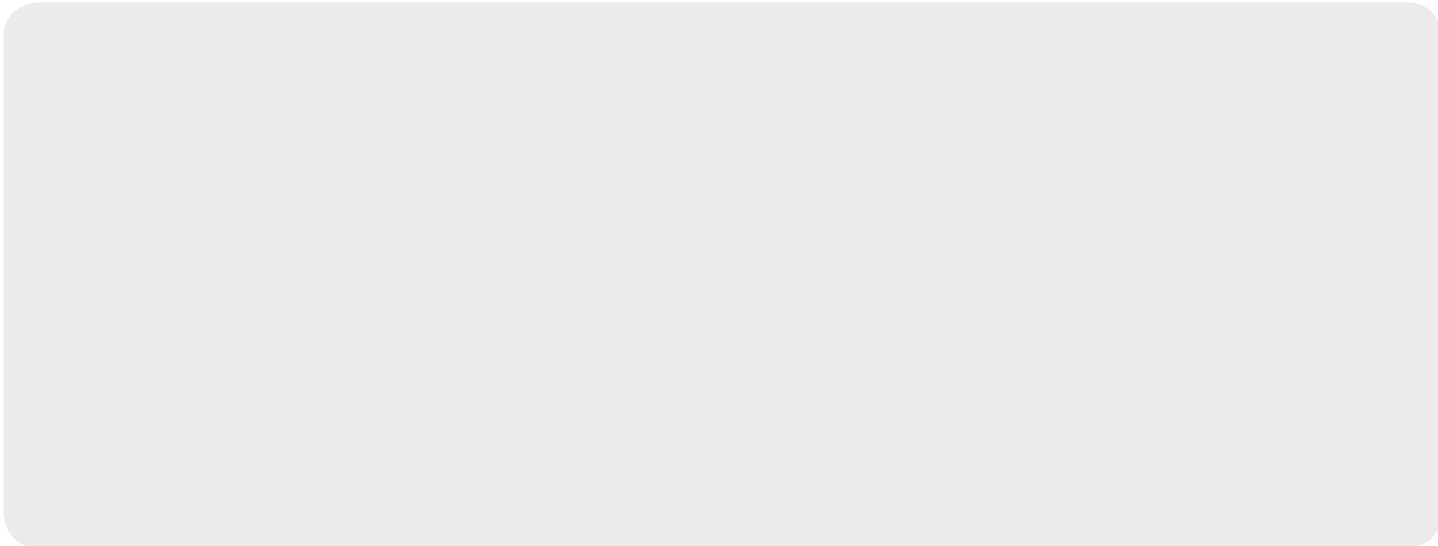
Learners needing support:



Learners ready for extensions:



Notes for next time:



Rent-Lease-Buy Finance Decisions

Instructions: Read the case studies below. Compare and contrast the costs and benefits of leasing/renting vs. owning for the person in each case. After analyzing each case, evaluate and explain what you feel is the best decision for each individual. Be sure to include the justification for your decision in your explanation.

Name: _____ Date: _____

Case 1: Jackson is a recent college graduate who just got his first job. He commutes approximately 35 minutes each way to his new workplace. Jackson does not have a lot of money saved and makes a modest salary. He plans on moving up in the company to a higher paying position in the next few years and will likely upgrade to a better car as a testament to his success. Should he buy or lease a new car?

Case 2: Carlos has a high-paying job at a software development firm. He has enjoyed living in the same area for many years, which is close to family and friends. He has accumulated a moderate amount of savings over the past three years. Some of Carlos' favorite pastimes include woodworking and home improvement projects. Should he buy or lease tools for his pastimes?

Case 3: Mia earns a generous salary as a professor of veterinary medicine. She is usually busy and spends very little time at home. Due to a recent grant opportunity, she will move to a larger university that is located several hours away, but her grant is only guaranteed for two years at that university. Should she buy or lease a home?

Lesson Links

Should You Buy or Lease a Car video

- https://www.youtube.com/watch?v=R_mKgtNeG7A

Rent to Own Electronics article

- <https://money.howstuffworks.com/personal-finance/budgeting/rent-to-own1.htm>

Leasing a Car article

- <https://www.consumerreports.org/buying-a-car/pros-and-cons-of-car-leasing/>

Renting a House article

- <https://www.moneycrashers.com/rent-or-buy-a-house/>