



## Part 1, Module 6: Strategies to Repay Student Debt

### Lesson Overview:

The purpose of this lesson is to introduce students to evaluating different loan options for paying for college. In the online learning modules, students will explore different kind of loans available for them and their parents. Students will also learn about repayment plans and include this information in their evaluation of loan options.

### As a result of this lesson, students will:

- Define APR; describe the impact of APR on a loan.
- List the options of loans available to pay for college.
- Explain the benefits and consequences of using loans to pay for college.

### Materials you will need to teach this lesson include:

- Examples of loan agreements, loan offers, and credit card offers showing different types of loans available to students and their parents.
- Understanding Loans Group Worksheet (download the PDF) and Understanding Loans Comparison Table (download the PDF).

### Students will need:

- Notebook and pen

### Instructions:

#### Day One:

Instructor presents a PowerPoint on defining APR and its impact on loans.

There could be a scripted prompt for a classroom discussion on what students know about loans (review what they learned in the online module, what experiences they or their family and friends have had with college loans).

Separate students into small groups; assign each group a different type of loan. Students work in their groups to fill in the Understanding Loans Worksheet, using examples of offers and agreements provided by the instructor.

#### Day Two:

A student from each group presents their worksheet to the class. Students listening to the presentations fill in their Understanding Loans Comparison Table.

### Variations on this lesson:

The instructor invites alumni or community members to talk to the class about their experience with and advice about loans. A mix of experiences, positive and negative, would be best.



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A homework assignment could be to collect credit card offers (or view credit card websites) and compare the APR, due date, and fees on each card to evaluate which is the best option for a student.



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### Understanding Loans Group Worksheet

<p><b>Loan Type</b> What is the name of this type of loan?</p>	
<p><b>Amount(s)</b> What is the range of money given with this type of loan?</p>	
<p><b>Limit(s)</b> What is the limit (maximum) of this type of loan?</p>	
<p><b>APR</b> What is the APR for this type of loan?</p>	
<p><b>Requirements</b> What do you have to do to maintain eligibility for this loan?</p>	
<p><b>Repayment</b> Describe repayment of this type of loan. Is there a due date or maximum amount of time to complete repayment?</p>	
<p><b>Benefits</b> What are the benefits to using this type of loan to pay for college?</p>	
<p><b>Consequences</b> What are the consequences for using this type of loan to pay for college?</p>	
<p><b>Questions</b> What questions do you have, or might other students have, about this type of loan?</p>	



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### Understanding Loans Comparison Table

Instructions: As each group presents the results of their worksheet, fill in the information on your table.

<b>Loan Type</b>	<b>Perkins Loan</b>	<b>Direct Stafford Loan</b>	<b>Direct PLUS Loans for Parents</b>	<b>Private Education Loans</b>	<b>Credit Cards</b>	<b>Home Equity Loan/Line of Credit</b>	<b>Retirement Account</b>
<b>Amount(s)</b>							
<b>Limit(s)</b>							
<b>APR</b>							
<b>Requirements</b>							
<b>Repayment</b>							
<b>Benefits</b>							
<b>Consequences</b>							
<b>Questions</b>							

Notes: