

- IT'S A -  
**MONEY  
THING**<sup>®</sup>

**Junior**

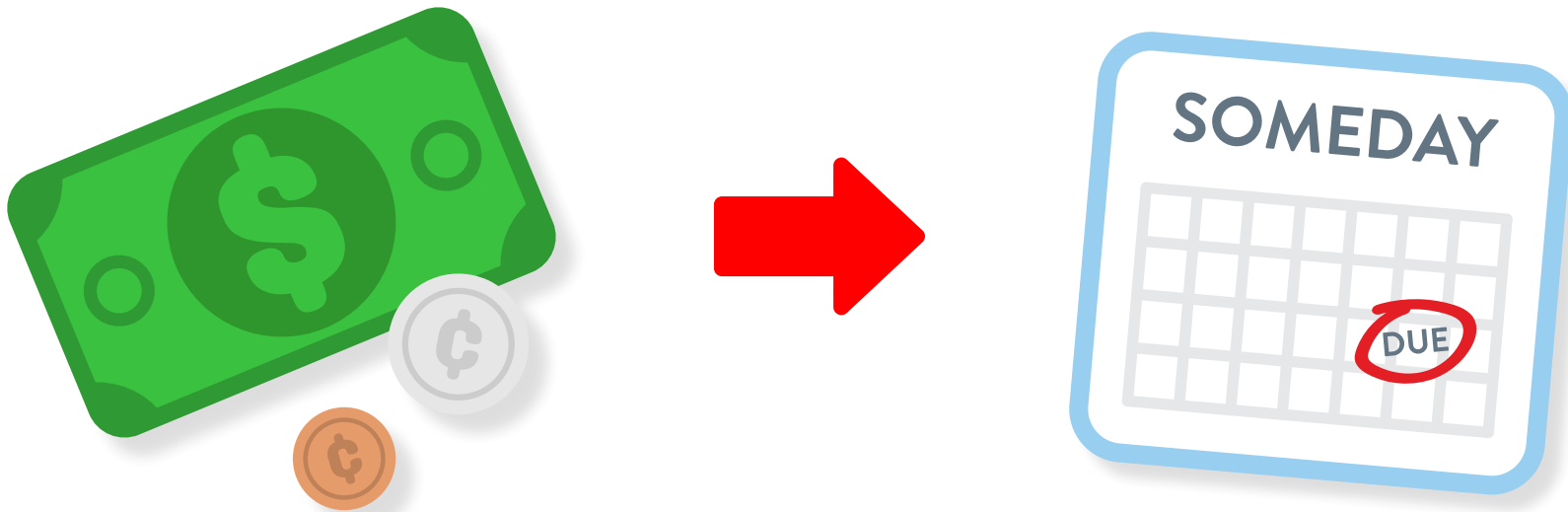
# BORROWING MONEY

BROUGHT TO YOU BY

**Synergy**  
CREDIT UNION  
[www.synergycu.ca](http://www.synergycu.ca)

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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?**

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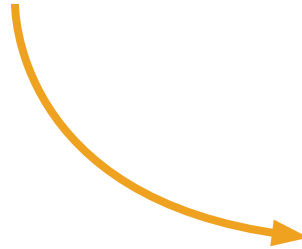
**Interest** is the price you pay  
for using someone else's money.

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# EXAMPLE

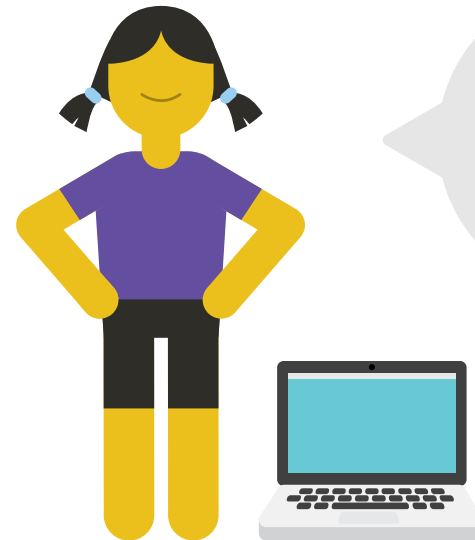
You want to borrow **\$100** from the bank or credit union in order to buy a new laptop now.



# EXAMPLE

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

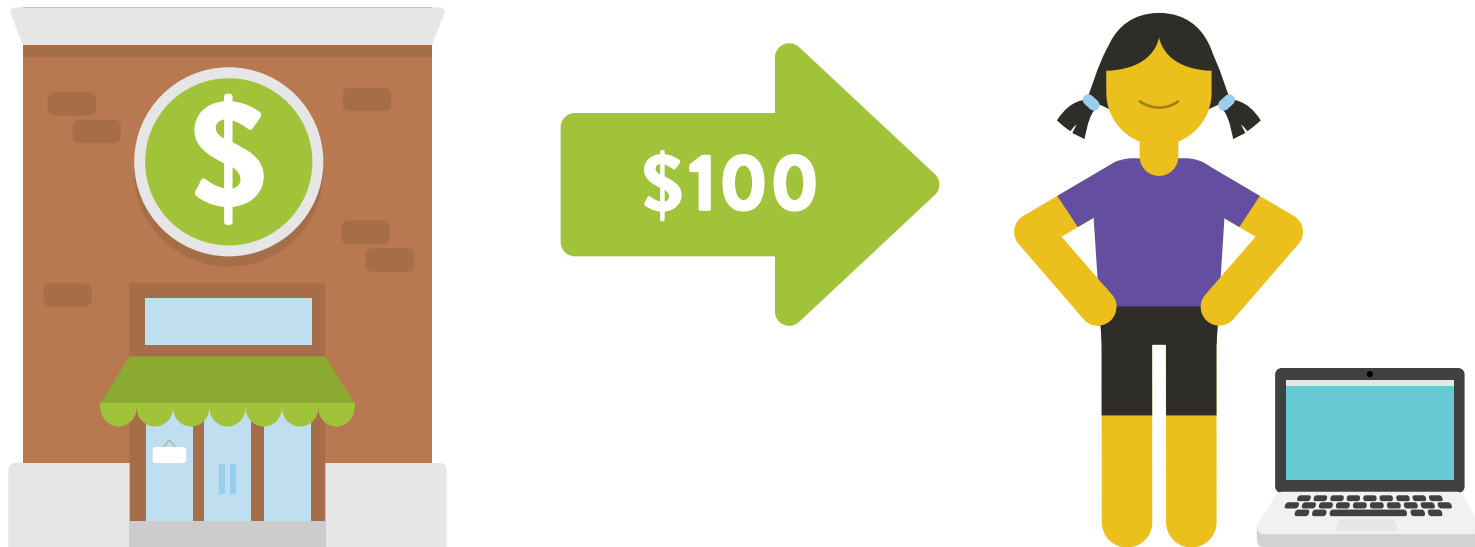
We will charge you \$20 interest, OK?



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?

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