**Activity – Marie and Al go shopping (Teacher notes)**

**Advantages**

Offers immediate use of goods or services

Adds an element of flexibility in money management

Provides safety and convenience

Serves as character recommendations and helps credit rating when payments are made on time

**Disadvantages**

Adds a burden on debt to one’s personal finances

Results in high cost because of interest and other credit charges.

Makes it easy to overspend.

After reading the skit, discuss the following questions:

What choices did Marie and Al have?

Pay cash, postpone the purchase, or use credit

What are the advantages and disadvantages of each decision?

Write student responses on the board. Answers will vary but be sure to help students understand the advantages and disadvantages of using credit in the marginal note.

What do you recommend Marie and Al should do?

Some students may suggest shopping for a better deal. Point out that sometimes consumers can find better deals on products and/or on credit terms.

**Summary and Review:**

Review the advantages and disadvantages of using credit and briefly describe different types and sources of credit.

Be sure to emphasize that using credit is a privilege that can be abused. Borrowing money imposes a legal obligation to repay the debt.

**Marie and Al go shopping**

**Scene:**  **The television section of your big box electronics store.**

**Al:** Hey, Marie, look at this great television.

**Marie:** It’s beautiful aright. Let’s see what it says on the tag (reading) 50 inch LED, 3-D, Smart Television, 5 HDMI connections, 1080p resolution, 240mz frame rate, and internal Wi-Fi connection, formerly $1,500 now only $1,100. I guess this is what we’ve been looking for.

**Al:** You bet. We’ll be able to watch everything in 3-D and it will be awesome.

**Marie:**  Of course, the question is: Where do we get the $1,100?

**Al:** Well, we do have that much in the bank, Marie. And, it is a very good buy.

**Marie:** That’s true, but do we really want to empty our savings account? You know, a new television isn’t exactly an emergency. (Her thought is interrupted by the arriving sales clerk.)

**Clerk:** Good morning folks. Can I be of service?

**Al:** Hi, we were just admiring the 3-D television. That is, everything but the price.

**Clerk:** Yes, this television has everything. And the price is a good one. Up until this week, we were selling it for $1,500. Now, if the $1,100 is a problem, you can take up to three years to pay for it under our installment plan.

**Marie:** What do you mean?

**Clerk:** Well, if you don’t want to pay cash, we can let you have the television for as little as $100 down and $37.68 a month.

**Al:** That’s great! We can certainly afford $37.68 a month.

**Marie:** How long did you say we’d have to pay?

**Clerk:** Three years

**Marie:** (Doing some figuring.) Three years, that’s 36 months.

**Clerk:** In all, you’ll be paying us $1,465.48 over the next three years.

**Marie:** That’s a lot more than $1,100, Al.

**Al:** It is but we’d be able to enjoy the television now, rather than having to wait until we saved up the money.

**Marie:** Well, maybe we’d be better off paying cash.

**Al:** I guess we’d better go home and talk it over.

**Marie:** Good idea Al. (To the sales clerk) Thank you for your help.

**Clerk:** You’re welcome. Please come see us again.