

LESSON PLAN

Student Loans 101

- IT'S A -
**MONEY
THING®**

INCLUDED IN THIS PACKAGE

- **LESSON PLAN** (2 pages)
- **ACTIVITY** (3 pages)
- **QUIZ** (1 page)
- **ACTIVITY ANSWER KEY** (2 pages)
- **QUIZ ANSWER KEY** (1 page)

COLLECT FROM YOUR LIBRARY

- **VIDEO 26** (*Student Loans 101*)
- **HANDOUT 26** (*Student Loans 101*)
- **PRESENTATION 26** (*Student Loans 101*)

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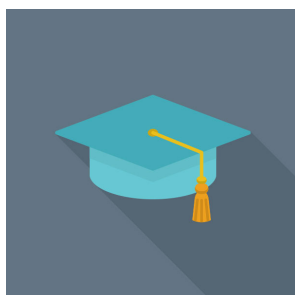


LESSON PLAN

Student Loans 101

GRADES
10 to 12

TIME
45 minutes



OVERVIEW

This lesson breaks down the key differences between federal and private student loans. Students will explore and evaluate the financial impact of different loan choices, gaining the knowledge they need to navigate post-secondary education funding with confidence and caution.

GOALS

- Help students understand the key differences between federal and private student loans
- Help students recognize the effect of borrowing and repayment on future financial health

OBJECTIVES

- Differentiate between federal and private loans and explain the benefits of government-subsidized loans
- Identify loan factors such as repayment options, borrowing limits and interest rates that can affect long-term financial health
- Analyze student loan scenarios and identify strategies to minimize borrowing

ASSESSMENT

Use the activity in this lesson plan to assess students' grasp of the topic. An optional quiz is also provided (the quiz is not factored into the lesson's 45-minute runtime).

***Did you know?** This lesson plan explores concepts from Standard 5 (Managing Credit) from the Council for Economic Education's National Standards for Personal Financial Education.*

MATERIALS

- ☐ **VIDEO 26**—Student Loans 101
- ☐ **HANDOUT 26**—Student Loans 101
- ☐ **PRESENTATION 26**—Student Loans 101
- ☐ **ACTIVITY**—The Student Loan Zone and Answer Key
- ☐ **QUIZ**—Student Loans 101 and Answer Key

PREPARATION

- Gather digital materials (video and presentation)
- Print **HANDOUT 26** for each student
- Prepare the **ACTIVITY**: Print a copy of the worksheet for each group. Print and cut out enough fictional student profile cards so that each group will have one card to analyze. (Optional: have a copy of the student profile cards ready to display.)
- (Optional) Print **QUIZ** (Student Loans 101) for each student

Student Loans 101

5 minutes	Introduce topic and show VIDEO 26 (<i>Student Loans 101</i>)
10 minutes	Go over PRESENTATION 26
5 minutes	Discussion round
20 minutes	Facilitate the ACTIVITY
5 minutes	Wrap up and distribute HANDOUT 26
(Optional)	Assessment: QUIZ (<i>Student Loans 101</i>)

- Provide each group with one worksheet and one fictional student profile card
 - Explain that groups will review their profile card, discuss the scenario and answer the questions on the worksheet; groups should be prepared to share their advice with the class
 - If helpful, display all fictional student profile cards for reference during the group presentations
 - Focusing on one fictional student profile at a time, invite groups to present key points from their discussion and the advice they would give to the fictional student
6. Wrap up by highlighting the importance of understanding loan terms and borrowing only what's needed, so as to minimize debt
 7. Distribute **HANDOUT 26**
 8. (Optional) Distribute **QUIZ** for individual assessment, or answer the questions together as a class; decide whether or not students can reference their notes/ handouts during the quiz

1. Introduce the topic: “Paying for college or university is a big decision, and student loans are one way many people make it possible. However, not all loans are created equal. Today, we’re going to explore how to make smart borrowing choices.”
2. Show **VIDEO 26**
3. Go over **PRESENTATION 26** to review the key differences between federal and private student loans
4. Engage the class in a quick discussion as a lead-in to the activity:
 - How do you think having student loan debt affects someone’s life after graduation?
 - Do you think it’s possible to completely avoid student loans?
 - Why do you think some students choose loans over other funding options like scholarships or part-time work?
5. Distribute the **ACTIVITY**
 - Divide students into small groups

NOTES

[illegible]



ACTIVITY

Student Loans 101

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THE STUDENT LOAN ZONE – WORKSHEET

Directions: Read the student profile assigned to you and use the information to answer the following questions. Write your answers in the space provided below. Be prepared to share your reasoning and recommendations with the rest of the class.



YOUR STUDENT'S NAME:

What is the total amount they need to cover their education costs for one year?
(Hint: Subtract financial aid and family contributions from the college costs.)

Which loan(s) would you recommend they take?
Why?

What are the pros and cons of the loan(s)
you chose?

How could they minimize their borrowing?

What might their financial situation look like after graduation, based on their loan choices?



ACTIVITY

Student Loans 101

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THE STUDENT LOAN ZONE – PROFILE CARDS

STUDENT PROFILE

MORGAN

BACKGROUND

First-year student majoring in nursing.
Works part-time, earning \$4,000/year.
Attends school out-of-state.

College Costs (per year):	\$25,000
Expected Family Contributions:	\$5,000
Scholarships and Grants:	\$10,000

LOAN OFFERS

Federal Loan	<ul style="list-style-type: none">• \$5,500 total (Subsidized: \$3,500; Unsubsidized: \$2,000)• Interest Rate: 5%
Private Loan	<ul style="list-style-type: none">• Up to \$10,000• Interest Rate: 8%• Repayment starts immediately after disbursement

FUTURE PLANS

Plans to work as a nurse, with a starting salary of \$60,000/year.

STUDENT PROFILE

DANIEL

BACKGROUND

Second-year engineering student with no part-time job, due to a busy academic schedule. Lives on campus.

College Costs (per year):	\$30,000
Expected Family Contributions:	\$2,000
Scholarships and Grants:	\$8,000

LOAN OFFERS

Federal Loan	<ul style="list-style-type: none">• \$6,500 total (Subsidized: \$4,000; Unsubsidized: \$2,500)• Interest Rate: 4.5%
Private Loan	<ul style="list-style-type: none">• Up to \$15,000• Interest Rate: 7%• Repayment begins 6 months after graduation

FUTURE PLANS

Plans to work as an engineer, with a starting salary of \$70,000/year.



ACTIVITY

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THE STUDENT LOAN ZONE – PROFILE CARDS

STUDENT PROFILE

Riya

BACKGROUND

First-year student majoring in business. Lives at home to save money. Works part-time, earning \$6,000/year.

College Costs (per year):	\$20,000
Expected Family Contributions:	\$3,000
Scholarships and Grants:	\$5,000

LOAN OFFERS

Federal Loan	<ul style="list-style-type: none">• \$5,500 total (Subsidized: \$3,500; Unsubsidized: \$2,000)• Interest Rate: 4.5%
Private Loan	<ul style="list-style-type: none">• Up to \$7,000• Interest Rate: 6.5%• Flexible repayment terms available

FUTURE PLANS

After graduation, plans to start a small business with variable income.

STUDENT PROFILE

Avery

BACKGROUND

Third-year student in liberal arts. Family is contributing significantly. Does not work part-time.

College Costs (per year):	\$40,000
Expected Family Contributions:	\$20,000
Scholarships and Grants:	\$10,000

LOAN OFFERS

Federal Loan	<ul style="list-style-type: none">• \$7,500 total (Subsidized: \$4,500; Unsubsidized: \$3,000)• Interest Rate: 5%
Private Loan	<ul style="list-style-type: none">• Up to \$12,000• Interest Rate: 7.5%• Repayment starts after graduation

FUTURE PLANS

Plans to work as a writer, potentially earning \$35,000/year to start.



QUIZ

Student Loans 101

NAME: _____

TOTAL
/ 8 pts

MULTIPLE CHOICE

Directions: CIRCLE the best possible answer to each question.

1. Where do federal student loans come from?
 - a. The government (e.g., U.S. Department of Education)
 - b. Banks, credit unions, schools and other private institutions
 - c. Public-private partnerships
 - d. All of the above
 2. Which of the following **does not** describe a federal student loan?
 - a. Fixed interest rates
 - b. Flexible repayment options
 - c. Government-subsidized interest for eligible loans
 - d. May require a good credit score to qualify
- /2 pts

SHORT ANSWER

Directions: Answer the following question in a few words.

3. Describe one difference between subsidized and unsubsidized federal loans.

/2 pts

TRUE OR FALSE

Directions: CIRCLE either true or false.

4. TRUE or FALSE Private loans always have lower interest rates than federal loans.
5. TRUE or FALSE It's important to borrow only what you need for education.
6. TRUE or FALSE Both federal loans and private loans have eligibility requirements.
7. TRUE or FALSE Private loans are issued by banks, credit unions, schools and other private institutions.

/4 pts

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ACTIVITY ANSWER KEY

Student Loans 101

THE STUDENT LOAN ZONE

Directions: Invite groups to present their advice for the fictional student in their assigned profile. Use the table below as a guide while encouraging discussion around the different possible approaches.

PROFILE	RESPONSE GUIDE
MORGAN	<p>Total amount needed: \$10,000</p> <p>Recommended plan: Maximize the federal subsidized loan (\$3,500), use the unsubsidized federal loan (\$2,000) and cover the remaining \$4,500 with part-time earnings or cost-saving measures before considering private loans.</p> <p>Key pros and cons:</p> <ul style="list-style-type: none"> • Pro: Federal subsidized loan is interest-free while in school • Pro: Federal loans have lower interest rates • Con: Private loans have less repayment flexibility <p>Minimize borrowing: Continue working part-time and explore additional scholarships and grants.</p> <p>Post-graduation considerations: Likely to manage repayment well, due to a starting nursing salary of \$60,000/year. Limiting private loans will prevent excessive debt.</p>
DANIEL	<p>Total amount needed: \$20,000</p> <p>Recommended plan: Maximize the federal subsidized loan (\$4,000) and use the unsubsidized federal loan (\$2,500). If needed, take out private loans only for the remaining \$13,500.</p> <p>Key pros and cons:</p> <ul style="list-style-type: none"> • Pro: Federal subsidized loan is interest-free while in school • Con: Private loans have higher interest rates • Pro: Daniel's private loan has a 6-month grace period after graduation <p>Minimize borrowing: Explore work-study programs designed to fit student schedules. Consider part-time, flexible jobs such as tutoring. Look into reducing expenses wherever possible.</p> <p>Post-graduation considerations: Likely to handle debt well due to a high starting salary as an engineer. Minimizing reliance on private loans will help with financial stability during early career years.</p>

ACTIVITY ANSWER KEY

Student Loans 101

THE STUDENT LOAN ZONE

Directions: Invite groups to present their advice for the fictional student in their assigned profile. Use the table below as a guide while encouraging discussion around the different possible approaches.

PROFILE	RESPONSE GUIDE
RIYA	<p>Total amount needed: \$12,000</p> <p>Recommended plan: Maximize the federal subsidized loan (\$3,500), use the unsubsidized federal loan (\$2,000) and attempt to cover the remaining \$6,500 with job earnings or additional family support before considering private loans.</p> <p>Key pros and cons:</p> <ul style="list-style-type: none"> • Pro: Federal loans have lower interest rates • Con: Private loans pose risks for students with variable post-graduation income • Pro: Riya's private loan has some repayment flexibility <p>Minimize borrowing: Reduce expenses and continue working part-time to cover remaining tuition costs. Explore additional scholarships or grants, including those targeting entrepreneurial students.</p> <p>Post-graduation considerations: Starting a small business may result in variable income, so minimizing total debt will help reduce financial stress.</p>
AVERY	<p>Total amount needed: \$10,000</p> <p>Recommended plan: Maximize the federal subsidized loan (\$4,500), use the unsubsidized federal loan (\$3,000) and consider working part-time to cover the remaining \$2,500 instead of opting for private loans.</p> <p>Key pros and cons:</p> <ul style="list-style-type: none"> • Pro: Federal subsidized loan is interest-free while in school • Pro: Federal loans have flexible repayment options • Con: Private loans have less repayment flexibility <p>Minimize borrowing: Consider creative side hustles like freelance writing to generate income. Build a budget to identify areas for cost-cutting and avoid unnecessary spending.</p> <p>Post-graduation considerations: A modest starting salary can make repayment challenging. Keeping debt low and prioritizing flexible repayment options will help Avery reduce financial pressure and focus on establishing their career.</p>



QUIZ ANSWER KEY

Student Loans 101

MULTIPLE CHOICE

Directions: CIRCLE the best possible answer to each question.

- | | |
|---|--|
| <p>1. Where do federal student loans come from?</p> <ul style="list-style-type: none"> <input checked="" type="radio"/> a. The government (e.g., U.S. Department of Education) b. Banks, credit unions, schools and other private institutions c. Public-private partnerships d. All of the above | <p>2. Which of the following does not describe a federal student loan?</p> <ul style="list-style-type: none"> a. Fixed interest rates b. Flexible repayment options c. Government-subsidized interest for eligible loans <input checked="" type="radio"/> d. May require a good credit score to qualify |
|---|--|
- /2 pts

SHORT ANSWER

Directions: Answer the following question in a few words.

3. Describe one difference between subsidized and unsubsidized federal loans.
- SUBSIDIZED LOANS OFFER INTEREST RELIEF WHILE THE STUDENT IS IN SCHOOL;
- UNSUBSIDIZED LOANS ACCRUE INTEREST IMMEDIATELY.
- /2 pts

TRUE OR FALSE

Directions: CIRCLE either true or false.

- | | |
|---|---|
| 4. TRUE or <input checked="" type="radio"/> FALSE | Private loans always have lower interest rates than federal loans. |
| 5. <input checked="" type="radio"/> TRUE or FALSE | It's important to borrow only what you need for education. |
| 6. <input checked="" type="radio"/> TRUE or FALSE | Both federal loans and private loans have eligibility requirements. |
| 7. <input checked="" type="radio"/> TRUE or FALSE | Private loans are issued by banks, credit unions, schools and other private institutions. |
- /4 pts