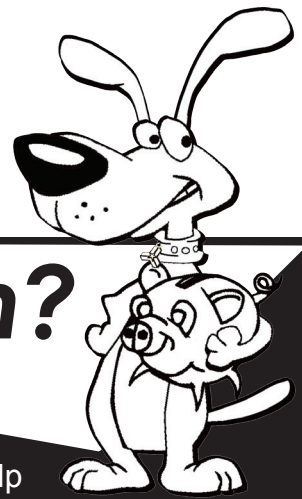


# Answer Key SHOULD I



## Remember!

Loans can help people get money to buy something they need right now with a promise to pay back the money over a period of time. However, not everyone needs a loan for their purchase. Look at the questions below and help our friends decide whether a loan would be helpful in each situation.

## Get A Loan?

**John is wanting a new toy that cost \$15. He has \$22 in his Cool Kids Savings Account and makes \$2 a week for chores he does. Do you think he should get a loan?**

1. Does he have enough money to buy it without a loan?  Yes  No
2. Can he make more money with the item than what the item costs? Yes  No
3. Does he have a way to make payments on the loan?  Yes  No
4. Should he get a loan? Yes  No

*Reason: A loan would not be useful for John because he has enough money to buy the toy already.*

**Tiffany is so excited about a business idea of mowing lawns, but she has one problem. She doesn't have a lawn mower. She found a deal on one for \$200. She has \$100 in her Cool Kids Savings Account and has five lawns she can mow every two weeks. Do you think she should get a loan?**

1. Does she have enough money to buy it without a loan? Yes  No
2. Can she make more money with the item than what the item costs?  Yes  No
3. Does she have a way to make payments on the loan?  Yes  No
4. Should she get a loan?  Yes  No

*Reason: A loan from her parents could help Tiffany start her lawn mowing business. She can make more money with the mower than it costs to pay back the loan. She also has enough money in savings to make payments if her business is slow.*

**Billy was walking down the bicycle aisle at the store and found a really cool bike he wants. The bike costs \$60 and he has \$40 in his Cool Kids Savings Account. He gets an allowance of \$10 every two weeks. Do you think he should get a loan?**

1. Does he have enough money to buy it without a loan? Yes  No
2. Can he make more money with the item than what the item costs? Yes  No
3. Does he have a way to make payments on the loan?  Yes  No
4. Should he get a loan? Yes  No

*Reason: A loan would not help Billy. He is only a few weeks away from having enough money from his allowance. Waiting to make the purchase can give him time to think if he really wants to spend all of his money on a bike.*