📘 **MONEYONLINERS MONEY MANAGEMENT ACADEMY**

MODULE 4 • LESSON 21 OF 40

Understanding Debt and Borrowing

Focus Keyword: debt management

SEO Title: Understanding Debt and Borrowing

URL Slug: understanding-debt

📄 **PAGE 1**

LESSON PURPOSE

Learn what debt is, understand the difference between responsible and irresponsible borrowing, and develop the knowledge needed to make smart borrowing decisions that protect your financial future.

WHY THIS LESSON MATTERS

Debt is a normal part of modern life, but how you use it can either improve or damage your financial future. Borrowing money for education, business, or a home may create opportunities, while borrowing for unnecessary purchases can lead to financial stress. Understanding debt helps you borrow wisely, avoid financial problems, and stay in control of your money.

BEFORE YOU BEGIN

☐ I understand that every loan must be repaid.

☐ I am willing to learn about responsible borrowing.

☐ I will complete every activity honestly.

☐ I want to make better financial decisions.

MONEY TIP OF THE LESSON

"Borrow for opportunities that improve your future—not for purchases that create future financial stress."

MY CONFIDENCE LEVEL BEFORE THIS LESSON

1 2 3 4 5

Not Confident • Neutral • Very Confident

MY GOAL FOR THIS LESSON

What do you want to learn about debt and borrowing?

PAGE 2

ACTIVITY 1

Identify Different Types of Debt

Read each example and decide whether the debt could be **Helpful**, **Risky**, or **Depends on the Situation**.

Example	Helpful	Risky	Depends
Student loan for education	☐	☐	☐
Business loan with a clear repayment plan	☐	☐	☐
Loan for luxury shopping	☐	☐	☐
Mortgage for a family home	☐	☐	☐
High-interest payday loan	☐	☐	☐

ACTIVITY 2

Borrowing Habits Self-Assessment

Statement	Good	Needs Improvement	Not Yet
I think carefully before borrowing.	☐	☐	☐
I understand loan terms before signing.	☐	☐	☐
I know the total repayment amount.	☐	☐	☐
I borrow only when necessary.	☐	☐	☐
I repay debts on time.	☐	☐	☐

KNOWLEDGE CHECK

1. What is debt?

---

2. What is borrowing?

---

3. What should you consider before taking a loan?

---

4. Why is understanding interest important?

---

5. Name one example of responsible borrowing.

WEEKLY CHALLENGE

Think about one situation where you might need to borrow money in the future.

Write down:

- Why you would borrow.

- How you would repay the loan.
- One alternative to borrowing.

📄 **PAGE 3**

PRACTICAL WORKSHEET – MY RESPONSIBLE BORROWING PLAN

A. BEFORE I BORROW MONEY

Question	Yes	No
Is this loan necessary?	☐	☐
Can I afford the repayments?	☐	☐
Do I understand the interest rate?	☐	☐
Have I compared different lenders?	☐	☐
Do I have another option?	☐	☐

B. MY BORROWING DECISION CHECKLIST

Item	Completed
Read the loan agreement	☐
Calculated total repayment	☐
Planned monthly repayments	☐
Considered financial risks	☐

C. MY SMART BORROWING RULES

1.
2.
3.
4.
5.

D. REFLECTION

How can responsible borrowing help you achieve your financial goals while protecting your financial future?

📄 **PAGE 4**

KEY TAKEAWAYS – WHAT I LEARNED TODAY

1. The most important thing I learned about debt is:

2. One borrowing habit I will improve is:

3. One financial decision I will make differently is:

4. The biggest lesson I learned today is:

MY 7-DAY RESPONSIBLE BORROWING ACTION PLAN

Day 1: Learn basic loan terms.

Day 2: Compare two loan options.

Day 3: Calculate repayment costs.

Day 4: Review my financial goals.

Day 5: Identify alternatives to borrowing.

Day 6: Review what I learned.

Day 7: Update my financial plan.

LESSON COMPLETION CHECKLIST

☐ I completed all activities.

☐ I completed my Responsible Borrowing Plan.

☐ I understand how debt works.

☐ I know how to borrow responsibly.

☐ I am ready for Lesson 22.

MY CONFIDENCE LEVEL AFTER THIS LESSON

1 2 3 4 5

Not Confident • Neutral • Very Confident

NEXT LESSON PREVIEW

Lesson 22 – Creating a Debt Repayment Plan

Learn how to organize your debts, choose a repayment strategy, reduce interest costs, and become debt-free through a structured repayment plan.

MY COMMITMENT

I commit to borrowing responsibly, understanding every financial agreement before I sign it, and making borrowing decisions that strengthen—not weaken—my long-term financial future.

Signature: ___________________________

Date: _______________________________