Lesson Plan

Pathways: Financing Higher Education™

Repaying Loans Responsibly

45 minutes

Prerequisite: Repaying Loans Responsibly

INSTRUCTIONS

Each digital lesson is supplemented with a follow-up synchronous lesson plan to extend and reinforce learning. Activities and questions are structured in a way that supports both in-person and virtual classroom settings.

OBJECTIVES

Students will be able to…

- Compare and contrast different loan repayment methods.
- Explain how debt load can impact future opportunities including the ability to borrow.

MATERIALS

In-Person Lesson

- Writing Utensil
- Queued up video for Review section
- Printed "How Should I Pay Back My Student Loans?" Worksheets
- Computers, Laptops, or Tablets

Virtual Lesson

- Writing Utensils
- Electronic copy of "How Should I Pay Back My Student Loans?" Worksheets
- Notebook paper
- Queued up video for Review section
- Computers, Laptops, or Tablets

<table>
<tr><th>SECTION</th><th>DESCRIPTION</th><th>FORMAT</th><th>DURATION</th></tr>
<tr><td>Opening</td><td>Discuss the learning from Repaying Loans Responsibly:
What should one consider before taking out a student loan that might affect their ability to repay them at a later date?
Potential answers:
Starting salary of chosen career after graduating
Where they might live after graduating
Other debts that may impact ability to repay student loans
Loan forgiveness programs</td><td>Virtual:
Answer individually on a separate sheet of paper. Chat in responses or in virtual breakout groups.

In-Person: Discuss with a partner. Share out with the class.</td><td>3 mins</td></tr>
<tr><td>Review</td><td>Play video for the class on Repayment of Student Loans - What to Expect

After watching the video, review the different types of loan repayment programs. Write each type of repayment plan on the board and ask students for a definition of each. Students will recall what each plan is and the teacher can confirm using the definitions below.

Standard Repayment Plan:
The standard repayment plan for federal student loans is a 10-year repayment plan with fixed payments. That means you pay the same amount every month for 10 years.

Graduated Repayment Plan:
The graduated repayment plan for federal student loans is a 10-year repayment plan with payments that start out lower and increase every 2 years.

Extended Repayment Plan:
The extended repayment plan for federal student loans lets you extend your repayment timeline for up to 25 years. Payments are lower each month, but you'll pay a</td><td>Virtual:
Watch as a class. Discuss as a virtual class.

In-Person:
Watch as a class. Discuss as a class.</td><td>8 mins</td></tr>
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SECTION	DESCRIPTION	FORMAT	DURATION
Review (cont'd)	lot more in interest over time. **Income Driven Repayment Plan:** There are several different types of income-driven repayment plans for federal student loans. The repayment timeline is 20 to 25 years, and you pay a percentage of your income. After that time, the rest of the loan may be forgiven, but there are specific requirements each year to qualify.		
Activity	Explain to students that many factors can influence a person's ability to pay back student loans. Today, we will look at a few scenarios where these factors come into play. Split students into small groups to complete the "How Should I Pay Back My Student Loans?" worksheet. Students should discuss each scenario, come to a consensus as a group, and defend their choice with a detailed explanation.	Virtual: **Research** in virtual breakout groups, partners or individually. **Complete** in virtual breakout groups, partners or individually. **Discuss** findings as a virtual class. In-Person: **Research** in small groups, partners, or individually. **Complete** in small groups, partners or individually. **Discuss** findings as a class.	27 mins
Discussion	Discuss the scenarios as a class. • What factors did your group consider when making a decision about each scenario? • Why were those factors important when choosing the best student loan repayment options?	Virtual: **Answer** individually on a separate sheet of paper. **Chat** in responses or in virtual breakout groups. In-Person: **Discuss** with a partner. **Share out** with the class.	5 mins
Closing	"Great work everyone! Today we learned more about each of the different student loan repayment options offered. Before you take out a student loan, it is important to devise a plan to pay them back. This plan should carefully consider several factors, including other debt obligations, living expenses and budget, expected income, and others. Remember that paying back loans is not a choice, it is an obligation and it is important that you make every effort possible to	**Formalize learning** with the whole group.	1 min

SECTION	DESCRIPTION	FORMAT	DURATION
Closing (cont'd)	pay back in a way that fits your needs. You can also pay back loans early and save on interest."		
Evaluation	At the end of the lesson, have students answer this question as an exit ticket: • If you are expecting to take out student loans based on what you know now, which repayment option would you go with and why?	**Assess** individually.	2 mins
Homework *(Optional, but strongly encouraged)*	Discuss the Repaying Loans Responsibly questions in the Parent/Guardian discussion guide tonight. 1. If we feel that taking out student loan(s) is the best way to finance my higher education expenses, which repayment plan is the best option for my situation? 2. How can I prepare to pay back my student loans in advance?	**Extend** with family.	15–20 mins