

# LESSON 14 ACTIVITY 3

## SHOULD YOU BORROW?

**Ana Rodriguez** graduated from high school last year with a good grade-point average. She works as a receptionist at a physical-therapy clinic, making \$8.50 an hour. She would like to become a physical therapist. The work appeals to her, and salaries for physical therapists are excellent. Within a few years of finishing her training, she could earn more than \$50,000 a year. But Ana's parents cannot afford to pay for the training Ana would need to complete. Ana has investigated student loans, but she knows she would have to pay back anything she might borrow over a 10-year period. Should Ana take out a student loan?

**Dave Larson** is an avid stamp collector. For a long time he has wanted to own a Bolivian Double Eagle stamp. This stamp is very hard to find, and Dave believes it will gain value in the future. Dave learns that his favorite stamp store has a Bolivian Double Eagle for sale, priced at \$200. Dave doesn't have that much money in savings, but he is afraid that if he doesn't buy the stamp now, someone else will. Should he use his credit card to buy the stamp?

**Caroline Potter** is a single mother with two small children. She commutes 15 miles to work five days a week, driving an old car that has developed several problems. Caroline has been late to work twice in the last month because of car problems, and each of the problems has saddled her with a large repair bill. Should Caroline buy a better used car, even though she will have to borrow money and take on monthly car payments?

**Jake Purdy** just got a great job working as a salesman. His salary isn't high, but he can earn excellent commissions if he makes a lot of sales. Jake has a reliable car, but he has his eye on an expensive new model that would make a better impression on his customers (and also on his dates), he thinks. Car payments for the new model would be high, but Jake feels that he can make enough in sales commissions to cover the cost. Should he take out a loan and buy the new car?

**Felicia Washington** is the homecoming queen at her high school. She is going to the homecoming dance with the best-looking guy in the senior class. She goes shopping for a new dress to wear to the dance. She finds one nice dress for \$79—an amount she could pay in cash. However, she also finds a spectacular dress priced at \$169. She could buy this dress with her credit card. Sure, it's a lot of money, Felicia thinks, but she owes it to her public and her date to look dazzling for the big event. Should Felicia put the spectacular dress on her credit card?

**Mike Chiang** is a community-college student. He has three credit cards, all charged close to the limit. Mike manages to make the minimum payments each month, thanks to his part-time job at Pizzas-R-Us. Mike really, really wants to go with his friends on a spring-break trip to Padre Island, Texas, but he doesn't see how he can afford to do it. Then he receives a friendly letter from one of his credit-card companies. "Dear Mr. Chiang," it begins, "Since you are one of our most valued customers and always make your payments on time, we are raising your credit limit by \$2,000." Mike is thrilled! Now he can go to Padre Island with his friends. Should he do it, charging his expenses to his card?

**Bill Baker** needs a new mattress and box spring. He's still sleeping on the same set he used as a kid, and his back is killing him. He has started putting away \$50 a month for a new mattress and box-spring set that costs \$400. Then the set he wants goes on sale, for a limited time only. The sale price is \$300. Should Bill put the mattress and box-spring set on his credit card now, or should he wait until he can save \$400 to buy it?