PERSONAL FINANCE TEACHING STRATEGY

“Renting/Leasing versus Owning”

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Econ/Personal Finance Standards:
Personal Finance Standard 5, Benchmark 5.2

Key Concepts:
Rent
Lease
Own

Introduction:
This teaching strategy will introduce the differences between renting and owning objects. Students will analyze the positive and negative aspects of renting or owning an item. Students will be able to make smart decisions in different circumstances when deciding to rent or buy an item.

Resources:
Textbook chapter and other print resources used or referenced to complete this lesson.

Internet websites with URL and brief description used or referenced to complete this lesson.

- Picture located at the top of the lesson.
Process:
1. As a class, students will discuss the positive and negative benefits of buying or renting a tuxedo for Prom. The teacher will display the information discussed as a T-Chart on a white board or other display surface. An example of what this could look like is below.

<table>
<thead>
<tr>
<th>Costs (Cons)</th>
<th>Benefit (Pros)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Could be more expensive if you are using it only a few times.</td>
<td>You will have it forever.</td>
</tr>
<tr>
<td>The tuxedo may not be in style in the future.</td>
<td>It will be cheaper if you are going to wear it many times.</td>
</tr>
<tr>
<td>You may not need to wear a tuxedo very often.</td>
<td>You can make alterations and not worry about fees if you ruin it.</td>
</tr>
</tbody>
</table>

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<thead>
<tr>
<th>Costs (Cons)</th>
<th>Benefit (Pros)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cannot permanently alter the tuxedo.</td>
<td>You can get the latest style of tuxedo.</td>
</tr>
<tr>
<td>You must return the tuxedo immediately after the even.</td>
<td>You can get any color of tuxedo you like.</td>
</tr>
<tr>
<td>You must take good care of the tuxedo and not ruin any aspects of it.</td>
<td>You avoided buying a tuxedo that you could easily outgrow.</td>
</tr>
</tbody>
</table>

2. When the discussion activity is complete, divide the students into groups of three or four.
3. Cut up the eight images on the last two pages of this lesson strategy. Give each group three to four images face down. You will have to make enough copies so each group gets one image per student.
4. Have each student randomly choose an image. Then have them create their own T-Charts for buying and renting the item they have chosen. Have them create the T-Charts on a separate piece of paper.
5. Once the students have completed this, each student will discuss with the class what image they chose and the pros and cons of renting or buying the image. The other students are encouraged to share what they think additional pros and cons would be.
6. After every student has shared, pass out one case study, found below, to each group. You may have to make extra copies or create additional case studies, so each group has at least one case study.

Case #1 Neil:
Neil is a recent college graduate who has just got his first job. Neil has to drive a fair distance to get to his work place. He does not have a lot of money saved and makes a moderate salary. Neil
plans on moving up in the company to a higher paying position in the next few years. He would like to get a better car to show his success in the company. Should Neil buy or lease a new automobile?

**Case #2 Roger:**
Roger’s 1998 truck just broke down for the last time. He is looking at getting another vehicle. Roger has $6,000 saved for a new car. He makes a modest salary at his job, which is only a short distance from his home. Should Roger buy or lease an automobile?

**Case #3 Lori:**
Lori has a well-paid job as an electrician. She has lived in the same area for many years, which is close to her family and friends. Lori has accumulated a moderate amount of savings over the past three years. Some of Lori’s favorite past times include gardening and interior decorating. Should Lori buy or lease a home?

**Case #4 Jasmine:**
Jasmine has a well paying job at a global technology firm. She is fairly frugal and has accumulated some savings. Jasmine is busy in both her personal and professional life and spends little time at home. Despite being financially and technologically savvy, Jasmine does not know much about home repairs nor is she particularly interested in learning. Her professional skills have made her successful at work and she is being promoted to Nassau, Bahamas. Should Jasmine buy or lease a home?

**Case #5 Corey:**
Corey is an engineer living near the local university. He enjoys the collegial lifestyle and diversity of the area. Corey’s family lives in a different state. He would like to be closer to his family; however, he loves his job and receives regular raises and promotions as a result of his hard work. Corey is engaged and is getting married next month. Should Corey buy or lease a home?

7. Once each group has received and read a case study, have them work together to answer the following questions on a piece of paper or word processing document.
   a) Using a T-Chart, compare and contrast the pros and cons of renting versus owning for the person in the case study.
   b) In five sentences, explain what you feel as a group to be the best decision for the individual. Make sure to justify your decision in your explanation.

8. Once the students are finished, have them submit the assignment to you.

9. If there is time, you can discuss the case studies as a class.