

Buy Now, Pay Later

A **payment plan** is when a person buys an item but instead of paying the full price immediately, they make smaller payments until they pay off the full price.

It's almost always cheaper to pay the whole amount for an item up front. If you make smaller payments, you usually end up paying more than the original amount.

Why would a company charge people extra money to make smaller payments on an item?

Do you think that's fair? Why or why not?



Payment plans are important.

Making smaller payments over time can be a way for people to get items they need. There are many items that most people cannot buy without a payment plan. Items like cars, houses, and other large purchases can be too expensive to pay for all at once. If there were no payment plans, most families would never be able to buy cars, houses, and other expensive items.

You can look at a deal and have a **gut reaction** if the offer is a good deal or a bad deal. But you can use math to move from a gut reaction to an **informed opinion!** Using your math skills will help you make better decisions with your money. Let's look at a few deals together.

TV FOR SALE

\$369.99

Now

**SAVE
NOW**
BUY LATER

\$75
Downpayment

\$15 a week for
20 weeks

Great Deal Alert!



Is it a good deal?

What is your gut reaction?

- ☐ Good Deal
- ☐ Bad Deal

How much more will you pay with the payment plan?

What is your informed opinion?

- ☐ Good Deal
- ☐ Bad Deal

Why or why not?



TRUCK FOR SALE
\$15,000 NOW
\$5,000 down
\$280 a month for 3 years
SAVE NOW
BUY LATER

Is it a good deal?

What is your gut reaction?

- ☐ Good Deal
- ☐ Bad Deal

How much more will you pay with the payment plan?

What is your informed opinion?

- ☐ Good Deal
- ☐ Bad Deal

Why or why not?

Discussion Questions

- Can you think of any situations where using a payment plan might still be a good idea, even if it ends up costing more in the long run?
- How can you use math to make an informed decision about whether to use a payment plan or pay for an item in full?
- What important factors do you need to think about before using a payment plan for an item?
- What are some ways to save money for things you want, especially if they cost a lot?