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Age: 15

19 October, 2018

FL2 Reflection Report

Through FL2, topics were explored to increase the understanding of borrowing money. In the first lesson, credit and subsequently, credit cards, were explained. Credit is borrowed money to buy things. Credit can be serviced based, like in memberships and subscriptions, revolving, with a certain limit each month, and installment, with a certain amount given that you must repay with interest. Credit cards are usually installment based which can be used to build a credit score. Credit scores are used by providers of a loan to see if you are responsible enough to pay back a larger and larger loan. Credit cards are also useful in the fact that it can be used in emergency circumstances when you do not have enough money. You can also cancel payments from unknown sources as you pay the amount at the end of the month

In lesson two, the basics of credit and loan application were explained. Providers of loans will look at your credit history to see if you are responsible enough to make timely payments. They will also look to see if you have enough money, in general, to pay back loans or personal belongings they could acquire if you do not. The lesson also mentioned the cost of credit as interest will always mean you pay more for a product.

In lesson three, the basics of loans, for homes specifically, were covered. Loans can be taken out for homes, called mortgages, which are paid off over 15 to 30 years. These sums of money can be quite large so the decision should be closely examined. Renting, and the process of paying each month for a place, the services you receive, and the deposits you must make were also discussed.