How to Adult – Page 4

# Get Stuff

Now you need to purchase something expensive.

To do this you’ll need to get a personal loan. However, there is a big difference between various money lending institutions. From Banks, to Credit Unions, to Zip Pay and credit cards, each of them have their own interest rate and fees to deal with.

Your task is to compare the difference between personal loans from several places and choose the best one for you.

# Go Shopping

Find something or some things to the value of between $2000-$5000.   
This could be a car, furniture, computer, kitchenware etc.

Work out how much it will all cost.

# Get the Money

There are several ways to get money. Complete the tasks below and then make a recommendation of which one is best for you.

## 1 - Saving yourself

The cheapest way to get stuff is to save for it before you purchase it. This means that there is $0 interest to pay, but means you’ll have to wait (not always an option if your fridge breaks).

* *Use your* ***Budget 3*** *to work out how much you can save each week.*
* *Then work out how long it will take you to save the money.*

**DO NOT** give out personal information!

**DO NOT** sign up   
for anything!

## 2 – Compare 2 Banks

Choose a bank and go to their website.   
(Some bank websites are useless and don’t give any information until you enter all your details and actually apply for the loan, DON’T do this, just choose a different bank)

Find somewhere that says ‘Personal Loan’ and attempt to find the following details:

|  |  |  |  |
| --- | --- | --- | --- |
|  | Explanation | Bank 1 Name | Bank 2 Name |
| Interest rate | This is the interest you’ll pay on the loan |  |  |
| Application fee | This is how much the bank charges you just to get the loan |  |  |
| Other fees | Could be ‘Monthly Account fee’ or  ‘Missed Payment fee’ or others |  |  |
| Comparison rate | This is the interest rate that tries to include all their fees, and is best to compare loans |  |  |

**pa** means per annum which means per year

Use this website and the details above to work out how much the loan will actually cost? <https://moneysmart.gov.au/loans/personal-loan-calculator#repayments>

|  |  |  |
| --- | --- | --- |
|  | Bank 1 | Bank 2 |
| Total repayments |  |  |

## 3 – Compare 2 Credit Unions

Credit unions are like banks, but aren’t banks… got it.  
Choose two Credit Unions (use your Google skills) and do the same as for the banks

|  |  |  |
| --- | --- | --- |
|  | Credit Union 1 Name | Credit Union 2 Name |
| Interest rate |  |  |
| Application fee |  |  |
| Other fees |  |  |
| Comparison rate |  |  |

Use this website and the details above to work out how much the loan will actually cost? <https://moneysmart.gov.au/loans/personal-loan-calculator#repayments>

|  |  |  |
| --- | --- | --- |
|  | Credit Union 1 | Credit Union 2 |
| Total repayments | $ | $ |

## 4 – Zip Money

Go to <https://zip.co/how-zip-works>

* What is the difference between Zip Pay and Zip Money?
  + (and seriously how many buttons saying ‘Apply Now’ are there on this page?)
* It might say interest free, but how much does it cost per month?
* What is the minimum repayment per month?
* How long would it take you to pay it off if you paid the minimum repayment per month?
  + (Show how you worked this out and did you include the per month fee?)
* Who is eligible to apply?
* Is there an establishment fee?
* How long is the interest free period?
  + How much interest do you pay after that?
    - How easy is this information to find?
      * ***Did you give up yet… I would have?***

**Let’s make it simpler**:

Zip Money is like a credit card with 19% interest[[1]](#footnote-1) (after the first 3 months) – this interest rate changes every month and is usually a lot higher.

* This website works out how much you’ll pay if you only pay the minimum repayment each month. <https://moneysmart.gov.au/credit-cards/credit-card-calculator>
* Use this number in the table at the end.

## 5 - No or Low Interest Loans

Go to <https://moneysmart.gov.au/loans/no-or-low-interest-loans>

* Are you eligible for the No Interest Loan Scheme?
  + Is what you want to buy on the list of approved items?
* What is the interest rate?

Use your **Budget 3** to work out how much you can afford to pay off a loan, then use this website to find out how long it would take to pay off  
<https://moneysmart.gov.au/loans/personal-loan-calculator#howlong>

# Final Recommendation

Complete this table and make a recommendation about whether you will save the money yourself (and have to wait) or which institution you will borrow from?

|  |  |  |
| --- | --- | --- |
| Method | How long to pay off? (or save the money) | How much will it cost in total? (Including interest and fees) |
| Saving |  |  |
| Bank 1 |  |  |
| Bank 2 |  |  |
| Credit Union 1 |  |  |
| Credit Union 2 |  |  |
| Zip Money |  |  |
| No Interest Loan Scheme |  |  |

The best option for me is …

Because …

1. Australian interest rates are currently the lowest they’ve ever been and they’re still charging 19% interest‼! [↑](#footnote-ref-1)