FINANCIAL LEARNING CAFE

Funding Academy • F03

Lesson 2 Resource

Fixed and variable rates

Repayment planner

Premium lesson companion
Teaching brief • applied vocabulary • guided workbook • knowledge check • answer guide

Name ____

Date ____

Fixed and variable rates

Fixed rates stay defined under the agreement; variable rates may change with an index plus margin, subject to stated rules and caps.

The deeper idea

Amortization shows how payments are divided and how balance declines. Frequency, term, balloon amounts, and compounding determine the schedule.

Learning objectives

- Explain fixed rate in the context of fixed and variable rates.
- Distinguish index from an assumption or promotional summary.
- Show how margin changes cost, timing, control, responsibility, or risk.
- Complete the repayment planner using traceable source information.

Vocabulary in action

fixed rate	Locate it in source material and state what it measures or governs.
index	Use it to make the comparison concrete instead of relying on a label.
margin	Name who carries responsibility, what triggers it, and which control makes it visible.

FIVE-STEP DECISION METHOD

Move from information to a responsible next step.

1. Define the exact question

State the purpose, deadline, and consequence of delay. Connect the question directly to fixed and variable rates.

2. Gather governing evidence

Collect current agreements, statements, official disclosures, operating records, or program instructions. Record the source and date.

3. Apply the vocabulary

Locate fixed rate, index, and margin in the real document or process. Translate each into a dollar, date, action, control, or responsibility.

4. Test a difficult case

Change one important assumption - timing, volume, cost, income, access, or support - and explain whether the plan still works.

5. Record the decision

Choose proceed, revise, compare, seek qualified review, or stop. Name the next action, its owner, and the review date.

Applied scenario

A learner must make this decision this month. The learner gathers governing records, locates fixed rate, index, and margin, and completes the assignment. The decision pauses if the difficult-case test exposes an obligation or operating risk that cannot be managed.

Repayment planner

Model payments at the starting rate and at two higher-rate scenarios.

Purpose: What exact decision does fixed and variable rates support?

Evidence: Which source documents prove the facts? Include dates.

Terms: Where do fixed rate, index, and margin appear, and what does each change?

Stress-test and decision record

Stress test: Which assumption is most fragile, and what happens if it fails?

Decision record: What is the next action, who owns it, and when will it be reviewed?

My recorded status

☐ Proceed ☐ Revise ☐ Compare ☐ Seek qualified review ☐ Stop

KNOWLEDGE CHECK

Confirm your understanding.

1. State the central teaching in your own words.

2. How do fixed rate and index work together?

3. What evidence is strong enough to use?

4. What would make the plan pause?

5. What belongs in the finished assignment?

ANSWER GUIDE

Compare reasoning, not just wording.

1. State the central teaching in your own words.

Amortization shows how payments are divided and how balance declines. Frequency, term, balloon amounts, and compounding determine the schedule.

2. How do fixed rate and index work together?

Define each, locate both in source material, and explain their combined effect on the decision.

3. What evidence is strong enough to use?

Current, relevant, traceable information from an agreement, statement, official source, operating record, or qualified professional.

4. What would make the plan pause?

A missing governing fact, unsupported claim, unmanageable stress case, or inability to explain the responsibility attached to margin.

5. What belongs in the finished assignment?

Purpose, sources, term definitions, comparison or calculation, difficult-case result, unanswered questions, responsible owner, and review date.

Education-only boundary

This resource provides general education. It does not submit applications, negotiate with providers, handle customer funds, promise outcomes, or replace individualized guidance from an appropriately qualified professional.