



**Full-Year Course**  
**Debt and Wealth**  
Student Activity Packet  
UNIT: MANAGING CREDIT

Name:

**Students will be able to:**

- Explain how debt can be used to build wealth
- Analyze how access to credit impacts wealth building
- Research credit protection laws
- Describe how to recognize and respond to credit discrimination



**INTRO**

**PROMPT:**

Use the space below to answer the prompt.

1. **Do you think being successful means being debt-free? Why or why not?**



**LEARN IT**

**EDPUZZLE: Is There Such a Thing as Good Debt?**

Debt is personal and people's opinions on debt range widely. Is debt the pathway to building wealth? Or is it a trap keeping you from wealth? Watch this video and follow your teacher's directions to answer the questions either in your student activity packet or within the EdPuzzle itself.

*NOTE: EdPuzzle videos shuffle answer choices and do not always match the order provided in the lesson here.*

1. **Good debts are incurred for things that are expected to...**
  - a. increase in value over time
  - b. decrease in value over time
  - c. provide something that would otherwise be unaffordable, like a vacation
  - d. provide a physical object, like a car

**2. Summarize: What is the difference between how Robert Kiyosaki and Dave Ramsey approach debt?**

- a. Kiyosaki believes there is no good debt, while Ramsey believes debt helps you get rich
- b. Kiyosaki believes debt helps you get rich, while Ramsey believes there is no good debt
- c. There is no difference - they both agree that debt is almost always GOOD
- d. There is no difference - they both agree that debt is almost always BAD

**3. How does buying something with debt tend to impact people's spending, compared to buying with cash?**

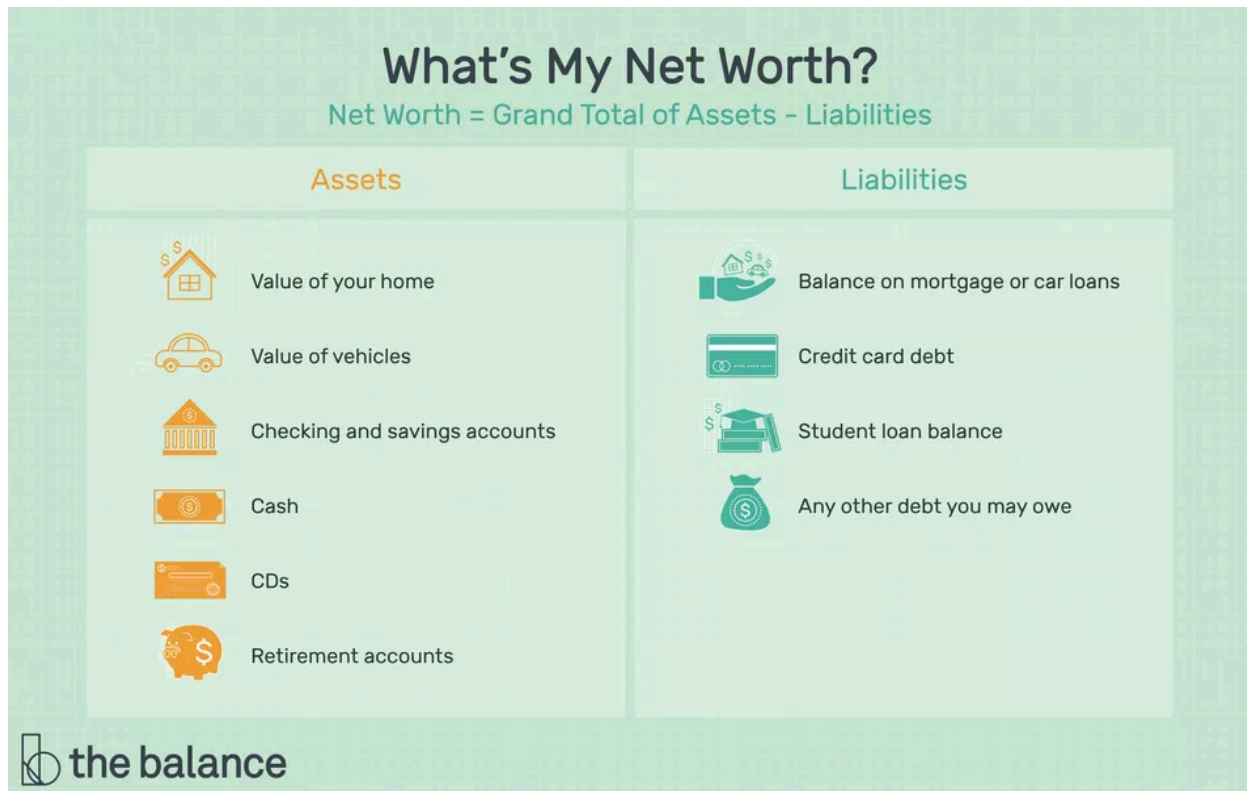
- a. People tend to spend MORE when paying with debt
- b. People tend to spend LESS when paying with debt
- c. People tend to spend THE SAME AMOUNT when paying with debt

**4. According to the video, what TWO questions should you ask yourself when making decisions about debt?**

- a. Who else has taken out a similar debt?
- b. Is the risk worth the reward?
- c. Is this debt for something I really want?
- d. How does your spending change with debt?

### INFOGRAPHIC: What's My Net Worth?

In the previous resource, you learned about how good debts and bad debts impact your wealth. One way to measure wealth is called *net worth*. Study the infographic to learn how to calculate your net worth. Then, answer the questions.



[Source](#)

1. An *asset* is a resource that someone owns that has value, like furniture or a house that could be sold for money. How could debt help you build your assets?
2. Sakura owns her home, worth \$411,000, and car, worth \$14,000. She has \$10,000 in student loans and owes \$115,000 on her mortgage. Using the formula provided, calculate her net worth.

3. Complete the table by deciding if each of the following debts will most likely increase the person's net worth. Circle **Y** if it **WILL** likely increase their net worth and circle **N** if it **WILL NOT** likely increase their net worth. If the answer heavily depends on other factors, circle *Depends* and write your reasoning in the space provided.

Debt	Increase Net Worth?	Reasoning
a. Elijah takes out a mortgage to buy a house that he expects to re-sell at a higher price in 20 years	Y / N / Depends	
b. Liam takes out an auto loan to buy a new luxury car that will decrease in value after he leaves the car dealership	Y / N / Depends	
c. Sophia takes out an auto loan with affordable monthly payments to buy a reliable used car for her commute to work	Y / N / Depends	
d. Mei takes out a personal loan to pay for a weeklong vacation	Y / N / Depends	
e. Ahmed takes out a business loan to start his small business bakery	Y / N / Depends	
f. Carlos takes out a personal loan to buy a new television	Y / N / Depends	
g. Aisha takes out a student loan to attend a 4-year college	Y / N / Depends	

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**VIDEO:** [Buy, Borrow, Die: How America's Ultrawealthy Stay That Way](#)

Debt is a key part of wealth building for one particular group of Americans. Watch the video to learn how the wealthy use debt. Then, answer the questions.

- 1. In your own words, define each step of the “buy, borrow, die” strategy**
    - a. Buy:
    - b. Borrow:
    - c. Die:
  - 2. How does the “buy, borrow, die” strategy help the wealthy maintain and accumulate wealth?**
  - 3. Why does this strategy primarily work for people who are already wealthy?**
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**DATA CRUNCH:** [Who Gets Denied Credit?](#)

As you’ve seen, debt is a tool that can be used to build wealth. However, not everyone has equal access to lines of credit like mortgages, auto loans, and credit cards. Analyze the image on the worksheet to answer the questions on this Data Crunch.

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**ARTICLE:** [What Protections Do I Have Against Credit Discrimination?](#) ⌚ 5 min

Many forms of credit discrimination are illegal, yet you’ve seen how historically excluded groups often have limited access to credit. Knowing your rights can help you recognize and respond to credit discrimination if you encounter it. Read the article to learn more and answer the questions.

- 1. What is one red flag that could indicate credit discrimination?**
- 2. What is one way you can prepare before taking out a loan?**



## DO IT

### **ACTIVITY:** **PROJECT: Credit Protections - You Be the Teacher**

Let's dive in to learn more about the protections you have when using credit. Follow the directions on the worksheet to complete this activity.



## EXIT TICKET

Follow your teacher's directions to complete the Exit Ticket.