



**Debt Management**  
Student Activity Packet  
UNIT: MANAGING CREDIT

Name:

**Students will be able to:**

- Observe how interest-bearing credit accounts impact a person's ability to manage debt
- Analyze the actions of someone who found themselves in problematic debt
- Assess multiple strategies to reduce or eliminate debt
- Compare when late payments become troublesome and the potential consequences for late payments of different types of debt

**NOTE:** Vocabulary for this unit can be found in the [NGPF Personal Finance Dictionary](#)



**DO IT**

**ACTIVITY:** **INTERACTIVE: Compounding Cat Insanity**

Taking care of one cat should be easy, right? But how easy would it be to care for five cats? Or even ten? This is similar to how it feels when you're forced to manage multiple sources of debt that continue to grow due to interest. Will you be able to keep up? Follow the directions on the worksheet to complete this activity.



**LEARN IT**

**VIDEO:** **What Happened When I Didn't Pay a Debt Collector**

Many people choose to take out debt for a variety of reasons, like taking out an auto loan to buy a car or a mortgage to buy a home. That's when the responsibility of making timely payments comes into play. Watch the video to hear the story of JoAnn and her experience with debt. Then, answer the questions.

1. **Describe a time in your life when you should have been more proactive, but procrastinating ended up hurting you in the long run.**

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2. What are some things you can do to make sure you don't end up in the same situation you described above, or in JoAnn's situation, when it comes to managing your debt?
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**ARTICLE:** [How to Get Out of Debt](#)

A person can choose to utilize debt for any number of different reasons. But when it becomes too much, finding an effective way to reduce or eliminate that debt can feel like a daunting task. Review the article to learn about different strategies that can help tackle debt. Then, answer the questions.

1. One of the strategies suggests increasing your income by doing things like asking for a raise, starting a side hustle, or even getting a second job. Although it would be effective, what problems could come from doing these things and why might it be difficult for some people?
  2. Are there any other strategies you think you would struggle with more than others? If so, explain why.
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**EDPUZZLE:** [Strategies for Debt Repayment](#)

The snowball and high rate methods are two popular strategies to pay down multiple debts. 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 here.*

1. **All of the following are examples of debt except...**
    - a. Credit Card balance
    - b. Scholarship
    - c. Student loan
    - d. Auto loan
  
  2. **If you are using the Snowball Method to get out of debt, which debt do you focus on first after you've made all of your minimum payments?**
    - a. The debt with the highest balance
    - b. The debt with the highest interest rate
    - c. The debt with the lowest interest rate
    - d. The debt with the lowest balance
  
  3. **The AVALANCHE METHOD of getting out of debt requires you to pay the MOST amount of money on the debt with the \_\_\_\_\_ interest rate.**
    - a. Highest
    - b. Lowest
  
  4. **Which is a disadvantage of using loan CONSOLIDATION to pay down debt?**
    - a. There are multiple due dates for your loan payments
    - b. The new loan may have a lower interest rate
    - c. You have to keep track of multiple loans
    - d. The new loan may have a higher interest rate
  
  5. **If the AVALANCHE Method makes most mathematical sense, why do you think someone might use the SNOWBALL Method instead?**
    - a. The Snowball Method saves more money in interest
    - b. The Snowball Method allows you to get out of debt much faster
    - c. The Snowball Method consolidates all of your debt payments into one, manageable payment each month
    - d. The Snowball Method can motivate you to continue paying off your debt
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**ARTICLE:** [Legal Actions Creditors Can Take If You Don't Pay](#)

Even if you use the strategies you just learned about to help pay off your debt, it's possible that you might still reach a point where payments become difficult to make. Depending on the type of debt you have, the potential consequences that come can vary. Read the article. Then, answer the questions.

1. **What types of consequences can occur if you don't pay your loans?**

## 2. What types of property can be seized if you don't pay your loans?



### EXIT TICKET

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