

Credit, Bankruptcy & Debt

Summary

Students will understand the risks and responsibilities of using credit and the consequences of excessive debt including bankruptcy.

Main Core Tie

Adult Roles and Financial Literacy

[Strand 7 Standard 3](#)

Materials

- [Bankruptcy Teacher Notes](#)
- [Debt Snowball Activity](#)
- [Stress Anyone Activity](#)
- [Vocabulary Worksheet and Key](#)

Instructional Procedures

Vocabulary

Primary Vocabulary

Minimum Monthly Payment
Over Credit Limit Fee
Bankruptcy
Charge Off
Credit Record
Default
Garnishment

FCCLA Activity

Consult the [FCCLA website](#) on Financial Fitness.

Banking Basics - Conquer bank accounts, credit, and investments
Cash Control - Track and plan personal spending
Making Money - Sharpen on-the-job financial fitness
Consumer Clout - Become a savvy spender
Financing Your Future - Apply financial skills to real life.

Introduction/Pre-Assessment

Married couples should talk about how they are going to handle money management before they get married. They should have discussed their main values, and what things they value. They should have identified what they believe to be their needs vs. their wants. They should decide together what their goals are and how they are going to achieve them financially. Uncontrolled spending, the misuse of credit, and not being disciplined to save money for wanted items are some of the pitfalls that can lead to financial problems and marriage problems. Excessive debt can lead to family instability and possibly divorce.

Content Outline, Activities and Teaching Strategies

(All options do not necessarily need to be taught. Select ones to cover standards and objectives and according to your district policies.)

Option 1: Stress Anyone?

This activity will help students to recognize what makes overwhelming stress such a problem. After the activity explain to students how it relates to financial stress. See [Stress Anyone Activity](#) (pdf) for directions for this activity.

Option 2: Types of Bankruptcy

Discuss the [Types Of Bankruptcy from the teacher information](#) (pdf). It will also address bankruptcy and how bankruptcy can in turn affect inflation and national stability.

Option 3: Quizzes and Worksheets

The [Consumer Jungle website](#) includes quizzes and worksheets to help the teen become a better educated consumer. The topics include credit, buying a car, living independently, and choosing the right cell phone carrier and plan.

Option 4: Taking Control of Your Finances

The following information can be used for discussion. The material will explain how excessive debt can affect the stress and structure of the family. This is a website for [A Special Guide for Young Adults](#) The FDIC issues newsletters to consumers on a regular basis. This issue was released in 2005 and includes articles on everything from buying a house to recognizing common personal finance mistakes young adults make.

Option 5: Credit Dos and Don'ts

"Get Smart About Credit". It will explain the value of credit scores to the borrower and lender. [This website](#) lists the do's and don'ts of credit. Use this information as a discussion.

Option 6: Are You in Trouble with Money or Credit?

This contains a lesson plan, powerpoint presentation, and worksheets which can be used for a classroom discussion. It includes topics such as: warning signs of credit trouble, loan consolidation, credit repair companies, debt collection, wage garnishment, and bankruptcy.

Step #1: Go to www.practicalmoneyskills.com

Step #2: Click on At School, then click Teens

Step #3: Click on Lesson 13: In Trouble.

Option 7: Getting Out of Debt - The Snowball

Lead students in an activity that shows them how to begin paying down debt, with the end goal being "out of debt." Have students list an assortment of debts and try it. Refer to [The Debt Snowball Activity](#) (pdf) instructions.

Summary/Evaluation

"The man who never has enough to pay his debts has too much of something else." (James Lendall Basford)

"A man in debt is so far a slave." (Ralph Waldo Emerson)

Authors

[CTE LESSON PLANS](#)