

## CT Personal Finance Model Curriculum

<b>Unit of Study: Credit &amp; Debt</b>	<b>Lesson Title: Debt and Bankruptcy</b>	<b>Anticipated Time Frame: 2 - 3 hours</b>
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**Standard(s)** (Content Standard 7) Maintain credit worthiness, borrow at favorable terms, and manage debt.

<p><b>Learning Objective(s) – Students will:</b></p> <ul style="list-style-type: none"> <li>○ Describe some of the ways you can get in trouble using credit</li> <li>○ Explain the first steps to take if you can't pay your bills on time</li> <li>○ Describe the debt management services provided by nonprofit credit-counseling centers</li> <li>○ List some of the promises made by “credit repair” companies</li> <li>○ Understand how to evaluate a “credit repair” company before deciding whether or not to use its services</li> <li>○ Understand the protections provided by the Fair Debt Collection Practices Act</li> <li>○ List and understand the wage garnishment and repossession rights of creditors</li> <li>○ Understand the difference between straight bankruptcy and the wage-earner plan</li> <li>○ Understand the disadvantages of using bankruptcy as a solution to debt</li> <li>○ List the ten types of debt that are not affected by bankruptcy</li> </ul>	<p><b>Diversity: Enrichment for all students</b></p> <p>Research how prevalent bankruptcy is in foreign countries and if they have similar procedures to file bankruptcy as we do in the United States.</p>
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<p><b>Assessment and Feedback to Learners</b></p> <p><b>Informal/Formative:</b></p> <p>Test Your Knowledge of Trouble Activity          Are they in Trouble Anyone? Activity          Stress Anyone Activity          Note-taking</p>	<p><b>Formal/Summative:</b></p> <p>Lesson Quiz – In Trouble          One-page paper on their exploration and findings of “Taking Control of Your Finances: A Special Guide for Young Adults.”</p>
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<p><b>Teacher Actions –</b></p> <p><b>Initiation:</b> Stress Anyone Activity (see Materials list below)</p> <ul style="list-style-type: none"> <li>○ Discuss how this situation can be avoided.</li> </ul> <p><b>Instructional Input and Differentiation:</b></p> <ul style="list-style-type: none"> <li>○ Lesson discussion; students take notes from slides and instructor lecture</li> <li>○ Have student’s research news articles on “credit repair” services, using the internet.</li> <li>○ Have students present in class or on video examples of legitimate and illegal debt collection practices.</li> <li>○ Have students obtain opinions from several people regarding current bankruptcy laws or research it on the computer.</li> </ul>
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**Closure:**

- Review key terms of day's lesson
- In a computer lab or for homework, students explore the articles on the FDIC website entitled "Taking Control of Your Finances: A Special Guide for Young Adults). Have students write a one-page paper on what they learned and have a class discussion on their findings.
- Exit slip –Ask students to reflect in their notebooks about good versus bad debt. How does good debt help our credit and how does bad debt damage our credit?

**Key Terms/Vocabulary –**

Wage Garnishment  
Wage Assignment  
Wage Attachment  
Consolidation Loan  
Fair Debt Collection  
Minimum Monthly Payment:  
Over Credit Limit Fee  
Bankruptcy  
Charge-off (Write-off)  
Credit record  
Default

**Materials (M) / Resources(R)**

(M)

Stress Anyone Activity  
Test your Knowledge of Trouble  
Are they in Trouble?  
Taking Control of your Finances: A Special Guide for Young Adults  
Lesson Quiz – In Trouble

(R)

- Website [https://www.practicalmoneyskills.com/foreducators/lesson\\_plans/teens.php](https://www.practicalmoneyskills.com/foreducators/lesson_plans/teens.php) (Lesson Plan, Student Handouts, Quiz and PowerPoint)
- Website <http://www.uen.org/Lessonplan/preview.cgi?LPid=28977> (Lesson Plan and handouts for addition information on Debt and Bankruptcy, as well as, for Stress Anyone Activity)
- Website <http://www.fdic.gov/consumers/consumer/news/cnspr05/> (Taking Control of your Finances: A Special Guide for Young Adults)
- Website [www.nfcc.org](http://www.nfcc.org) (credit counseling information)