

Strategies to Reduce Your Debt

SUBJECT(S): Personal Finance

GRADE LEVEL(S): 9, 10, 11, 12

≡ OVERVIEW:

The culture in America makes it easy to acquire debt because most persons have an entitlement, “I want it now” attitude toward material objects. Spending more than you make will lead you into debt.

≡ NBEA STANDARD(S):

- Personal Finance, III. Managing Finances and Budgeting
- Personal Finance, VII. Using Credit

≡ RELATED ARTICLES:

- [“Two Young Women Share their Struggles and Successes with Student Loan Debt”](#)
- [“Preparing Students for the Hard Reality of Post-college Debt”](#)
- [“Payday Loans and the Perils of Borrowing Fast Cash”](#)
- [“Credit Alert: The Dangers of Overspending and Underpaying”](#)
- [“College Decisions Sometimes Require Sacrifice”](#)
- [“Budgeting Basics: Spending Less than You Earn”](#)

TOPIC/COMPETENCY: Credit and Debt

CEE National Standard:

Standard 4 – Benchmark 12-9

JumpStart National Standard:

Credit and Debt Standard 3

Common Core State Standard:

CCSS.ELA-Literacy.RI.11-12.7

CCSS.ELA-Literacy.RI.11-12.5

ESTIMATED TIME: 50 min

MATERIALS NEEDED: computers, poster paper, debt snowball and debt avalanche worksheets or websites.

KEY VOCABULARY/TERMS: [Debt](#), debt snowball, debt avalanche, debt reduction, interest rate

WHY THIS MATTERS TO YOU NOW: The culture in America makes it easy to acquire debt because most persons have an entitlement, “I want it now” attitude toward material objects. Spending more than you make will lead you into debt.

Activities:

- Motivational hook / activity –
 - Teen credit card debt statistics issued by the [JumpStart Coalition for Personal Financial Literacy](#) show that one out of three high school seniors use credit cards. Half of these students have credit cards in their own names. Survey your class to see if you match the statistic.
 - Create a fictional 20 something person who is in debt. List the common debts he/she has incurred and the typical amounts.
- Comprehension –
 - Read the article to understand debt snowball
<https://www.everydollar.com/blog/how-the-debt-snowball-method-works>
 - Read the article to understand debt avalanche
<http://www.investopedia.com/terms/d/debt-avalanche.asp>
 - Create a Venn diagram to compare and contrast the two methods. You may use the following article to help with your diagram.
<https://www.forbes.com/sites/robertberger/2017/07/20/debt-snowball-versus-debt-avalanche-what-the-academic-research-shows/#332ce23b1454>

- Practicing – Activities designed for students to practice what they are learning
 - Use this website <http://thekrazycouponlady.com/tips/finance/top-3-free-debt-snowball-websites/> to solve the debt problem you created in the beginning of this lesson. .
 - Create a story problem where a person gets into debt. Use <http://unbury.me/> to solve your debt problem.
- Apply
 - Jim and Julie are in debt up to their eyeballs. They have the following debt – Student loans \$65,000 (6% interest), car loans \$28,560 (8% interest), credit card debt \$9,876 (21% interest), Favorite store card debt \$578 (18% interest). Create a plan for them to pay off their debt. They have \$1,575 dollars a month to devote to paying off debt.

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