



Matching

- a. debt consolidation
 - b. co-signing
 - c. debt snowball
 - d. leasing
 - e. cash advance
 - f. paradigm
 - g. adjustable rate mortgage
 - h. home equity loan
 - i. credit
- ___ 1. A different way of looking at something
- ___ 2. Charges of 400% and up for their services
- ___ 3. Money loaned
- ___ 4. Using your home as collateral to borrow money
- ___ 5. Taking responsibility for someone else's loan.
- ___ 6. Combining debt into one payment
- ___ 7. Long-term rental agreement

True or False

- _____ 8. Debt consolidation is wise.
- _____ 9. You need a credit card to rent a car.
- _____ 10. Buying used cars is a good way to minimize depreciation.
- _____ 11. The typical millionaire drives new cars.

- _____ 12. The elderly are the number one target of credit card companies.
- _____ 13. Co-signing a loan is a way to help out a friend or relative.
- _____ 14. The lottery is a tax on the poor and on people who can't do math.
- _____ 15. Home equity loans are a good way to consolidate debt.
- _____ 16. It is never wise to take out an ARM or balloon mortgage.
- _____ 17. Paying off the balance of your credit card each month is an acceptable use of credit.
- _____ 18. The best way to teach teenagers about money is to get them a credit card.
- _____ 19. It is best to attack your debt by consolidating many payments into one.
- _____ 20. Carrying cash results in an increase of spending versus paying with credit.

Short Answer

21. Why do people go into debt when they know that they will have to pay more for an item once they figure interest?
22. Why are teens such a major target of the credit card industry?
23. How do cash advance and car title companies keep people in the cycle of debt?
24. Why is it better to buy a used car instead of a brand new vehicle?

25. Why does debt consolidation typically not save money?
26. Explain how the debt snowball works.
27. What are the five steps to get out of debt?
28. How can lending money cause problems in a relationship?

Case Studies

29. Tiffany will graduate from college in December with a degree in elementary education. She already has a teaching job lined up, and it will be the first time in her life that she will make more than minimum wage. She has \$15,000 in student loan debt, \$6,000 to pay on a car repossession, and \$3,000 in credit card debt. How should she handle the salary increase?
30. Thomas owes \$438 on his credit card and was unable to pay more than the minimum payment of \$20. Unfortunately, he mailed the payment late resulting in a late fee of \$39. What will his new balance be?
31. Ryan is barely able to keep up with his minimum payments. He has four credit cards, a car payment and a mortgage. He is wondering if he should consolidate all of his debt by taking a low-interest home equity loan. What would Dave tell Ryan to do? How would the interest rate of each debt factor into Dave's advice?