

10-12 – Extension Activity for *Debt Decisions*

Specific Outcome(s)

- Career and Life Management
 - R8. Evaluate the advantages and disadvantages of credit
 - Examine the costs of using credit, the dangers of overextended buying and the impact of credit ratings
- Mathematics 10-3
 - N5. Demonstrate an understanding of credit options, including
 - Credit cards
 - Loans

At the end of this extension activity, students will be able to create a plan for debt repayment using the roll down your debt (snowball) method.

Materials Needed

- Calculators

Materials Provided

- Roll Down Your Debt handout

Logistics

- Photocopy the Roll Down Your Debt handout 😊
 - Print enough copies for each student.

Procedure

- Remind students of the definitions of credit and debt. Then, reintroduce the concept of rolling down one's debt.
 - "Continue to make all your minimum payments, but focus on eliminating one debt at a time. Pay off debt with the highest interest rate first."
 - "Once one debt is paid, put the amount you were paying towards the next debt (combined with the next debt's minimum payment)."
 - "Continue rolling down your debt (or snowballing) until it's paid off!"
- Invite students to complete the practice questions on the provided handout.
 - Circulate and help students as needed.
 - Encourage them to help each other (especially if they finish early). Additionally, students can check each other's answers.
 - Review the answers with them when most of them are done.
- When ready, ask the following review questions to solidify students' learning:
 - "What do you notice about the numbers on your table?"
 - "Why is this an effective strategy for paying down one's debt?"

Roll Down Your Debt

Using the tables provided, create a plan for Zayed and Carole to pay off their debts. Use the roll down your debt method.

1. Zayed has \$650.00 allocated to debt repayment in his spending plan. He currently is \$32,215.00 in debt; he has...
 - o A credit card with a balance owing of \$325.00 at 20.99%. His minimum payment is usually \$15.00.
 - o A credit card with a balance owing of \$421.00 at 19.99%. His minimum payment is usually \$15.00.
 - o A student loan with a balance owing of \$22,256.00 at 6.70%. His monthly payment is \$254.98.
 - o An auto company loan with a balance owing of \$9,213.00 at 7.20%. His monthly payment is \$284.67.

Debt	Total Owing	Rate	Minimum Payment	Amount Paid	
				Snowball	Total

Debt	Total Owing	Rate	Minimum Payment	Amount Paid	
				Snowball	Total
Credit Card #1	\$325.00	20.99%	\$15.00	\$80.35	\$95.35
Credit Card #2	\$421.00	19.99%	\$15.00	\$95.35	\$110.35
Auto Company Loan	\$9,213.00	7.20%	\$284.67	\$110.35	\$395.02
Student Loan	\$22,256.00	6.70%	\$254.98	\$395.02	\$650.00

Debt	Total Owing	Rate	Minimum Payment	Amount Paid	
				Snowball	Total
Credit Card #1	\$1,562.45	20.99%	\$46.87	\$489.63	\$536.50
Credit Card #2	\$2,641.00	19.99%	\$73.83	\$536.50	\$610.33
Credit Card #3	\$652.01	19.99%	\$19.56	\$610.33	\$629.89
Mortgage	\$171,851.65	6.49%	\$1,488.00	\$629.89	\$2,117.89
Line of Credit	\$6,503.98	6.00%	\$130.08	\$2,117.89	\$2,247.97
Student Loan	\$30,244.02	0.00%	\$252.03	\$2,247.97	\$2,500.00