

Debt vs. Assets

Extension Activity for Conquer Cashalot Online Game

Grade Level:

- Grade 10

Learning Objective:

This extension activity, along with the *Conquer Cashalot* online game should help students:

- define the following: asset, economic value, intrinsic value and debt
- understand how the value of assets may change

Materials Needed:

- whiteboard
- whiteboard marker
- *Asset or Debt?* worksheet (1 per student)
- pencil (1 per student)

Lesson Plan:

Part I: assets

1. Ask students the following question: what are assets?
Allow students to share their responses aloud and write correct responses on the whiteboard
2. Share the following definition of assets with students:
assets: anything you own that has economic value (i.e. can be converted into cash)
3. Ask students what they think economic value means
4. Share the following definition of economic value with students:
economic value: something has economic value when other people would be willing to buy the product or service, if it was sold
5. Ask students what intrinsic value means
6. Share the following definition of intrinsic value with students:
intrinsic value: something has intrinsic value when we attach an emotional connection to that product
7. Ask the students if a product can have both intrinsic value and economic value
Explain to students some items, such as a wedding ring, have both intrinsic and economic value. Some items, such as photographs, have intrinsic value but do not have economic value
8. Ask students for examples of assets. If students have difficulty answering, share the following examples of common household assets: real estate, investments, vehicles and jewelry

9. Ask students the following question: does the value of assets always stay the same?
Allow students to share their responses aloud
10. Explain to students assets may increase in value, decrease in value, or remain the same.
For example, the value of a house may change or remain steady depending on the economy
11. Share the following definitions with students:
appreciating asset: an asset that has increased in value
depreciating asset: an asset that has decreased in value
12. Ask students for examples of appreciating and depreciating assets and write their responses on the whiteboard
13. Share with students real estate, stocks and precious metals are common examples of assets that are expected to increase in value over time. Computers and vehicles are examples of assets that tend to lose value because they wear out over time or become outdated
14. Ask students the following question: what might somebody do with their assets during tough financial times? Allow students to share their responses aloud
15. Share with students people may sell their assets during tough financial times, such as a job loss

Part II: debt

1. Write the following question on the whiteboard: what is debt?
2. Read the question aloud and allow students to share their responses
3. Share the following information about debt with students:
 - debt is not the same as not having money. Debt occurs when people owe money
 - people may get into debt by spending more money than they have or by borrowing money
 - when people borrow money, they usually pay interest – money charged by the lender for the privilege of borrowing money. The interest amount is usually a percentage of the total amount of money borrowed
4. Share with students debt, when used appropriately, can be useful. Many financial goals, such as funding post-secondary education or buying a house, cost a lot. Because these amounts take a long time to save, many people borrow money and agree to pay it back later

Part IV: worksheet

1. Distribute the *Asset or Debt?* worksheet and pencils to students
2. Review the answers with students after they have completed the worksheet

Asset or Debt?

Instructions: read each scenario and determine if it is describing an asset or a debt. Write the word *asset* or *debt* on each line

1. Yolanda needs to make a monthly mortgage payment _____
2. Stella finished paying off her mortgage and now owns her condo _____
3. Jake owes his friend \$20.00 _____
4. Fred received a \$100.00 cheque for his birthday _____
5. Jennifer owes \$200.00 on her credit card this month _____
6. George's brother gave him a new video game system _____
7. Tom has \$500.00 in his savings account _____
8. Alyson took out a student loan to pay for university _____
9. Tim has a collection of valuable baseball cards _____

Asset or Debt? Answer Key

Instructions: read each scenario and determine if it is describing an asset or a debt. Write the word *asset* or *debt* on each line.

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|---|--------------|
| 1. Yolanda needs to make a monthly mortgage payment | <i>debt</i> |
| 2. Stella finished paying off her mortgage and now owns her condo | <i>asset</i> |
| 3. Jake owes his friend \$20.00 | <i>debt</i> |
| 4. Fred received a \$100.00 cheque for his birthday | <i>asset</i> |
| 5. Jennifer owes \$200.00 on her credit card this month | <i>debt</i> |
| 6. George's brother gave him a new video game system | <i>asset</i> |
| 7. Tom has \$500.00 in his savings account | <i>asset</i> |
| 8. Alyson took out a student loan to pay for university | <i>debt</i> |
| 9. Tim has a collection of valuable baseball cards | <i>asset</i> |