

What Is Bankruptcy? | Worksheet



Matching

Match the definition in Column A with the term in Column B.

Column A

- _____ Business reorganization to repay debts and remain operational.
- _____ Person managing the bankruptcy case on behalf of creditors.
- _____ Numerical rating of creditworthiness impacted by bankruptcy.
- _____ Liquidates assets to pay off debts; exemptions apply.
- _____ Legal process for forgiving debts, granting a fresh start.
- _____ Repayment plan for debts using regular income.

Column B

- a. Bankruptcy
- b. Credit Score
- c. Chapter 7
- d. Chapter 11
- e. Chapter 13
- f. Trustee

Multiple Choice

1. **Which of the following best describes a general consequence of declaring bankruptcy?**
 - a. A person retains all their personal assets.
 - b. A person's debts are reviewed by a court.
 - c. A person's credit score immediately improves.
 - d. A person can secure new loans easily.
2. **Consider the situation where a business opts for Chapter 11 bankruptcy. What is the primary goal of this type of bankruptcy?**
 - a. To completely dissolve the business.
 - b. To liquidate personal assets of the owners.
 - c. To reorganize in order to become profitable again.
 - d. To eliminate all the business's debts without repayment.
3. **If an individual files for Chapter 13 bankruptcy, which outcome is most likely, according to the video?**
 - a. They will need to sell all personal belongings.
 - b. They will develop a plan to repay debts over time.
 - c. They will face imprisonment for unpaid debts.
 - d. Their debts will immediately be forgiven without any repayment.
4. **Which statement best reflects the reason why someone might consider bankruptcy as a viable option?**
 - a. They are seeking a way to increase their spending power.
 - b. They want to avoid ever paying back their debts.
 - c. They are overwhelmed by debt and seeking relief.
 - d. They believe it will prevent creditors from contacting them.

Application

Choose one of the historical figures mentioned in the video (like Walt Disney or Abraham Lincoln) who experienced bankruptcy. Students research the economic and personal circumstances that led to their bankruptcy, how they managed it, and how they recovered.



What Are Savings? | Answer Key

Matching

Match the definition in Column A with the term in Column B.

Column A

- d. Business reorganization to repay debts and remain operational.
- f. Person managing the bankruptcy case on behalf of creditors.
- b. Numerical rating of creditworthiness impacted by bankruptcy.
- c. Liquidates assets to pay off debts; exemptions apply.
- a. Legal process for forgiving debts, granting a fresh start.
- e. Repayment plan for debts using regular income.

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Responses will vary. Consider the following example as a way to guide research and evaluate responses:

Sample Answer Key: Walt Disney

Economic and Personal Circumstances Leading to Bankruptcy:

- Walt Disney founded Laugh-O-Gram Studio, which struggled financially due to high production costs and insufficient revenue. The studio declared bankruptcy in 1923 after a distributor fraudulently withheld revenue from their cartoons.

How Walt Disney Managed Bankruptcy:

- Disney moved to Hollywood and, with his brother Roy, founded The Disney Brothers Studio. They produced the Alice Comedies, which were more successful.

Recovery and Subsequent Success:

- Walt Disney created Mickey Mouse, leading to the successful *Steamboat Willie* in 1928, which featured innovative synchronized sound.
- Continued success with full-length features, beginning with *Snow White and the Seven Dwarfs* in 1937 and later expanded into theme parks with Disneyland in 1955

Lessons Learned:

- Walt Disney's experience with bankruptcy taught him the importance of financial management, creative control, and innovation. His perseverance and willingness to adapt to new opportunities facilitated his recovery and subsequent success.