

# CASH COURSE WORKSHEET

## What Is Debt? Quiz



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

Column A

\_\_\_\_\_ Maximum amount of money a person is allowed to borrow

\_\_\_\_\_ Borrowed money that is owed to a person or institution

\_\_\_\_\_ Money put into something with the hope of future benefit

\_\_\_\_\_ Lose value over time

\_\_\_\_\_ Increase value over time

Column B

a. Appreciate

b. Credit Limit

c. Depreciate

d. Financial Debt

e. Investment

### 2. The most common type of debt is consumer debt, accumulated mainly through the use of \_\_\_\_\_.

- a. Cash
- b. Checks
- c. Debit cards
- d. Credit cards

### 3. Which of the following is an example of a loan on something that will probably depreciate over time?

- a. Home loan
- b. Car loan
- c. Student loan
- d. None of the above

### 4. When using debt to purchase something, why do you usually end up paying more for it than the initial price tag?

- a. Lenders charge interest
- b. The price goes up
- c. You add a tip
- d. All of the above

### 5. True or False: Debt can be a good thing if you use it to invest in your future.

**Application:** Write a short paragraph detailing the most responsible way to use debt to make it work for you.

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# CASH COURSE WORKSHEET

## What Is Debt? Quiz

## Answer Key

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

Column A

**b. Credit Limit** \_\_\_\_\_ Maximum amount of money a person is allowed to borrow

**d. Financial Debt** \_\_\_\_\_ Borrowed money that is owed to a person or institution

**e. Investment** \_\_\_\_\_ Money put into something with the hope of future benefit

**c. Depreciate** \_\_\_\_\_ Lose value over time

**a. Appreciate** \_\_\_\_\_ Increase value over time

Column B

a. Appreciate

b. Credit Limit

c. Depreciate

d. Financial Debt

e. Investment

2. The most common type of debt is consumer debt, accumulated mainly through the use of \_\_\_\_\_.

**d. Credit cards**

3. Which of the following is an example of a loan on something that will probably depreciate over time?

**b. Car loan**

4. When using debt to purchase something, why do you usually end up paying more for it than the initial price tag?

**a. Lenders charge interest**

5. **True** or False: Debt can be a good thing if you use it to invest in your future.