



Matching

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.
- _____ Losing value over time.
- _____ Increasing in value over time.

Column B

- a. Appreciate
- b. Credit Limit
- c. Depreciate
- d. Financial Debt
- e. Investment

Multiple Choice

1. **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
2. **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
3. **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
4. **True or False: Debt can be a good thing if you use it to invest in your future.**
 - a. True
 - b. False

Application

Analyze the scenarios in the table below and list the potential benefits and risks of taking on debt in each situation. How might someone manage their debt responsibly?



	Buying a Car	Going to College	Starting a Business
Benefits			
Risks			

What Is Debt? | Answer Key

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

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- d. Borrowed money that is owed to a person or institution
- e. Money put into something with the hope of future benefit
- c. Losing value over time
- a. Increasing in value over time

Column B

- a. Appreciate
- b. Credit Limit
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 - a. **true**
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Application

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Responses will vary; check for understanding of responsible ways to use debt.