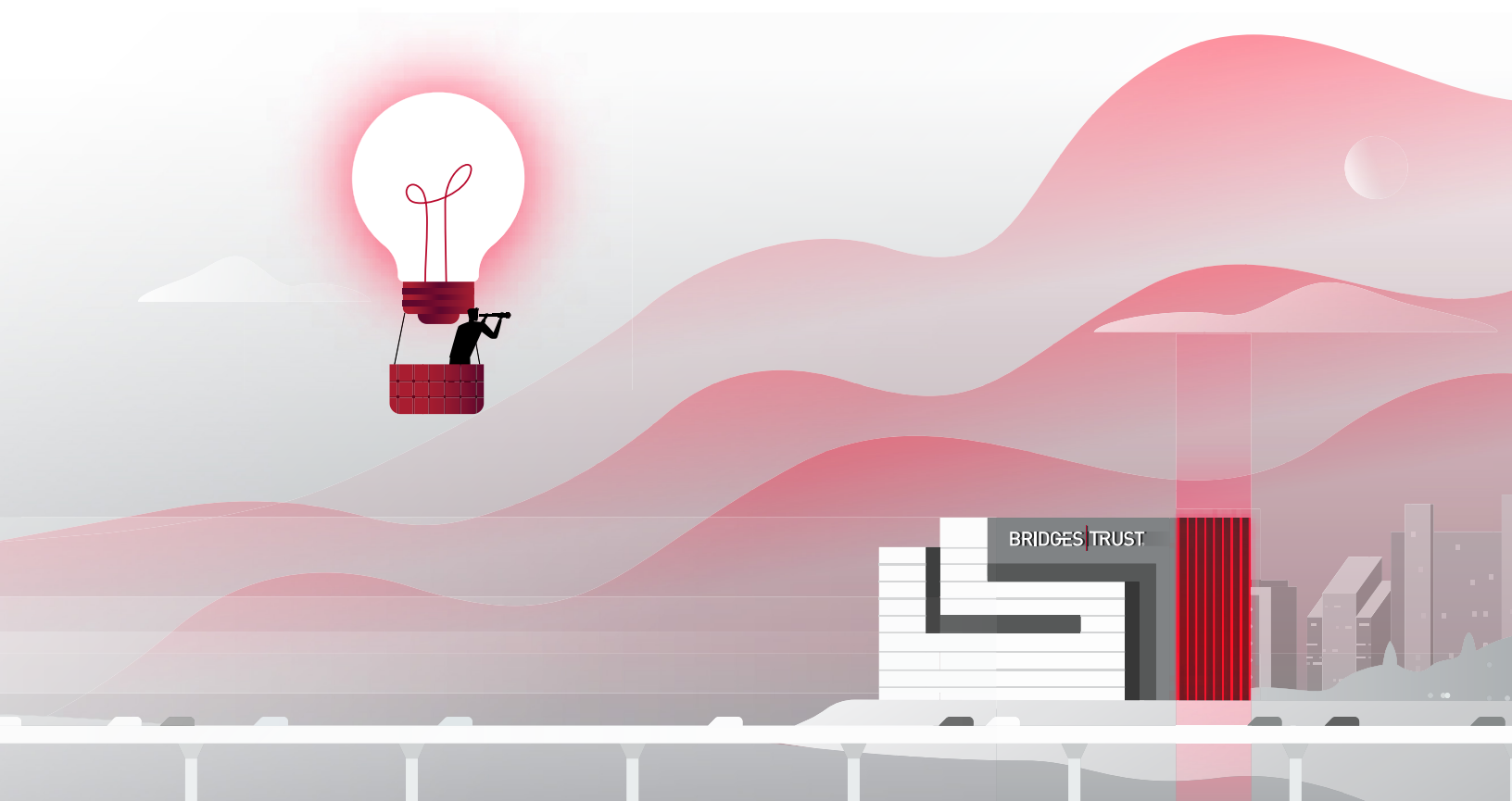


WORKSHEET

Managing Debt Responsibly Worksheet for Teens

For educators, nonprofit leaders, parents and professionals working to advance financial literacy
this resource is for you.



What Is Debt?

Debt is when you borrow money that you'll pay back later, often with extra costs called interest. Learning to manage debt responsibly is important for your financial health. Whether you borrow from a friend, use a credit card, or take a loan, responsible management helps you avoid stress and build trust.

When you learn to handle debt wisely, you may:

- Avoid borrowing more than you can repay.
- Build good credit for your future.
- Stay in control of your finances.

Key Terms to Know

1. **Debt** – Money you borrow and must pay back.
2. ***Interest** – Extra money you pay when borrowing funds.
3. **Loan** – Money lent to you for a specific purpose.
4. **Credit Score** – A number that shows how well you manage debt and make payments.

*Usually from a bank or other financing source.

ACTIVITY ONE

What Does Debt Mean?

Read the situations below and decide if the borrower is managing debt responsibly. Circle Yes or No.

1. Jordan borrows \$20 from a friend for a concert and pays it back the next week.

Responsible? **Yes** **No**

2. Mia uses her allowance to make the minimum payment on her credit card, leaving a balance unpaid.

Responsible? **Yes** **No**

3. Sam takes a loan to buy a bike but hasn't planned how he'll repay it.

Responsible? **Yes** **No**

ACTIVITY TWO

How Much Can You Afford?

Imagine you want to borrow \$100 to buy a new gadget. Your allowance is \$25 per week. Answer these questions to determine if borrowing is a smart choice.

<p>How much can you set aside each week to repay the loan?</p> <p>\$</p>	<p>If you pay \$10 per week, how many weeks will it take to repay the \$100?</p> <p>/weeks</p>	<p>Is this a realistic plan for you?</p>
--	--	--

Tip : Only borrow if you have a clear plan to repay!

ACTIVITY THREE

Good Debt or Bad Debt?

Classify the items below as examples of good debt (helps build your future) or bad debt (unnecessary or hard to repay).

	Good Debt	Bad Debt
A student loan for college	<input type="checkbox"/>	<input type="checkbox"/>
A video game console using a credit card	<input type="checkbox"/>	<input type="checkbox"/>
A loan to start your small business	<input type="checkbox"/>	<input type="checkbox"/>
Borrowing money to eat out with friends	<input type="checkbox"/>	<input type="checkbox"/>

Tips for Managing Debt

- Tip 1:** Borrow only what you can afford to repay.
- Tip 2:** Pay on time to avoid extra fees or penalties.
- Tip 3:** Use debt to invest in things that grow your future, like education or a business.
- Tip 4:** Avoid using credit for things that don't last, like snacks or fast fashion.

FUN IDEA

Create a Debt Tracker

- ☐ Write down what you borrow and from whom.
- ☐ Keep track of payments until the debt is fully repaid.
- ☐ Celebrate responsibly when you're debt-free!

BONUS ACTIVITY

Debt-Free Challenge

Think of an item you want but don't have the money to buy. Instead of borrowing, save until you can pay in cash! Track your savings progress below.

Week	Savings Balance	How Much Left To Save
1	\$	\$
2	\$	\$

Responsible debt management starts with smart decisions. Always think before borrowing! 😊

Disclosure: This worksheet is for educational purposes only and is not intended as investment advice. Investing involves risk including the possibility of loss of one's investments. Past performance is no guarantee of future results.