

LESSON 14: Debt Jeopardy



Money Mastermind Lesson 14, Worksheet 1:

Credit Crossroads

Review the credit scenarios below and determine the positive and negative impacts each decision may have on the person's financial future.

Scenario 1:

Mark and Ryan just moved into their first apartment together and they want to buy a flat screen TV for the living room. They both work but between college tuition, books, and rent their funds are running low. Mark decides to take advantage of a financing offer from a local electronics store and buys the TV on a line of credit.

Is this a good or bad debt move? Why?

Scenario 2:

Blake just graduated college and accepted a new job as a graphic designer for a marketing firm. He wants to buy a \$100,000 condo near his new job and he has saved enough money for a 20% down payment. He is planning on taking out a loan, or a mortgage, for \$80,000 to purchase the property.

Is this a good or bad debt move? Why?

Scenario 3:

Nora has heard that opening a lot of credit card accounts is a good way to build credit. She currently has five credit cards, but is sometimes forgetful in paying her bills on time and usually has a balance on each card. Her favorite store is offering a \$50 coupon on her next purchase, with the promise of more coupons in the future, if she opens a credit card. She decides to open the store credit card to get the discounts.

Is this a good or bad debt move? Why?