

# BETTER MONEY HABITS HIGH SCHOOL LESSON: STEPS TO HELP YOU GET OUT OF DEBT

## HANDOUT 1.1 ANSWERS

1. Debt is owing money to someone else. Debt not only means you owe money you don't have, but it can add stress and anxiety to your life.
2. A budget is a spending plan that allows you to track your income and expenses. Knowing where your money is going helps you make better choices about managing it. It can also help you make a plan to get out of debt.
3. Secured loans have fixed payments for a fixed amount of time. Examples are car loans and mortgages.

Unsecured loans have variable payments that can also vary in length of time. Examples are credit cards or school loans.

If you're having trouble even making the minimum monthly payments, you can always call your creditors.

4. A debt consolidation loan allows you to combine all of your debt into one loan with one payment, but it is only beneficial if it saves you interest and helps you avoid adding more debt.
5. Answers will vary.
6. Answers will vary.