

It's Not What You Think: Chapter 7 or 13?

Standard 13: Bankruptcy

Susan McHale, Kristen Sublett, Niky Styers, Melissa Gunter
Published by *K20 Center*

This work is licensed under a Creative Commons CC BY-SA 4.0 License

Grade Level	7th – 12th Grade	**Time Frame**	150 minutes
Subject	Financial Literacy, Social Studies	**Duration**	2-3 class periods
Course	Personal Financial Literacy		

Essential Question

What is bankruptcy? What are some alternatives to bankruptcy?

Summary

Students will understand the various forms of bankruptcy, how bankruptcy can occur, and alternatives to bankruptcy. This lesson includes optional modifications for distance learning. Resources for use in Google Classroom are included.

Snapshot

Engage

Students respond to a scenario that involves overwhelming debt and then brainstorm solutions.

Explore

Students watch several videos about various types of debt relief and create notes as they watch.

Explain

Using their notes, student pairs complete a Venn diagram to compare and contrast two of the four types of debt relief.

Extend

Students examine ways to prevent bankruptcy through revisiting the Engage scenario and understanding debt-to-income ratio.

Evaluate

Student groups use the Chant It, Sing It, Rap It strategy to summarize one of the topics in this lesson.

Standards

ACT College and Career Readiness Standards - Reading (6-12)

CLR301: Locate simple details at the sentence and paragraph level in somewhat challenging passages
CLR302: Draw simple logical conclusions in somewhat challenging passages
WME301: Analyze how the choice of a specific word or phrase shapes meaning or tone in somewhat challenging passages when the effect is simple

Oklahoma Academic Standards (Personal Financial Literacy (7th through 12th grade))

PFL.13.1: Assess the costs and benefits of bankruptcy to individuals, families, and society.
PFL.13.2: Examine ways to prevent bankruptcy and identify alternatives to bankruptcy (e.g., budget management, debt management, refinancing, and financial counseling).

Attachments

- Cornell Two-Column Notes Questions - Spanish.docx
- Cornell Two-Column Notes Questions - Spanish.pdf
- Cornell Two-Column Notes Questions.docx
- Cornell Two-Column Notes Questions.pdf
- Lesson Slides—It's Not What You Think, Chapter 7 or 13.pptx
- Scenario 2 - Paying Off Credit Cards Answer Key.docx
- Scenario 2 - Paying Off Credit Cards Answer Key.pdf
- Scenario 2 - Paying Off Credit Cards Student Handout - Spanish.docx
- Scenario 2 - Paying Off Credit Cards Student Handout - Spanish.pdf
- Scenario 2 - Paying Off Credit Cards Student Handout.docx
- Scenario 2 - Paying Off Credit Cards Student Handout.pdf
- Venn Diagram - Spanish.docx
- Venn Diagram - Spanish.pdf
- Venn Diagram.docx
- Venn Diagram.pdf

Materials

- Lesson Slides (attached)
- Cornell Two-Column Notes Questions (attached)
- Venn Diagram handout (attached)
- Scenario 2 handout (attached)
- Teacher access to online videos

Engage

Begin by displaying **slide 3** of the attached **Lesson Slides**. This slide displays a scenario about a student (Lance) who is in debt trouble. Ask students to get out a piece of paper and write down at least two possible solutions for Lance. Using the Think, Pair, Share learning strategy, pair students, and ask them to compare their ideas. After students have compared their answers (given about five minutes), call on pairs to share their possible solutions to Lance's problem.

On the class chalkboard or whiteboard, make two columns. Label the first column "Possible Solutions" and the second column "Disadvantages and Drawbacks." As pairs share out, write down all their viable solutions. Have students add the other possible solutions to their own notebook paper.

Move to **slide 4**. This slide shows an example of both a possible solution and a possible drawback for Lance borrowing money from his parents. After most of the solutions have been addressed, ask pairs to discuss whether they notice any possible drawbacks or disadvantages to the posted solutions. Allow 5-10 minutes for pairs to discuss all possible drawbacks to the solutions presented.

Have pairs share with the class the possible drawbacks or disadvantages for each solution they discussed. Write these in the second column on the board. Allow students to vote for the top two solutions that they feel are most viable from the completed list, given all the information presented.

Possible Student Responses

Some possible solutions to Lance's financial solution could include finding a better-paying part-time job, finding a second job, calling the credit card companies to see if he can reduce his monthly payments, rolling all of his credit card debt into one card and paying off the one card as quickly as possible, or not charging anything else on his credit cards.

Optional Modification for Distance Learning

To make use of this activity in an online or distance learning environment, have the students brainstorm as a group in an application like Google Docs or Padlet. You might also consider making this activity a discussion board post to which your students can respond directly. Download all attachments to use this lesson in Google Classroom.

Explore

Tell students that Lance has some choices in his scenario, although they may be limited, to solve his financial problems. Let students know that some people can have such severe debt problems, however, that their ability to repay their debt becomes virtually impossible. Tell students that today they will explore ways to get debt relief when debt becomes too overwhelming and impossible to repay. Display **slide 5** and talk about how, typically, these are the few choices people have when they cannot repay their debt. Tell students that they will see three short videos that explain these choices in more detail.

Ask students to use the Cornell Notes System as they watch a series of short videos. To do this, they should prepare notebook paper prior to viewing the videos. The previous link provides detailed information about how to prepare notebook paper for this activity. You can also print and distribute the attached **Cornell Two-Column Notes Questions** graphic organizer to help students take notes. Ask students to take notes about the four types of debt relief and solutions as they watch each video.

Display **slide 6**. Students should copy the questions in the left column of their two-column notes, leaving spaces between them as displayed. Show the first video from ABC news.com, "Real Strategies to Climb Out of Debt" (2:36 in length). You can also find the full link in the Resources section below.

After the video, allow students to complete questions 1-4 and summarize this video in their Cornell notes. If it suits your classroom needs, you can also choose to check students' understanding by asking questions and soliciting responses through a brief class discussion.

Display **slide 7**. Show the second video, "Bankruptcy Basics Part 1: Introduction" (2:50 in length), from the United States Federal Courts. You can also find the full link in the Resources section below.

After the video, allow time for students to work on their notes and begin their summary. Note that students will not have all the information needed to answer questions 5-8 until they see the next video.

Show the third video, "Bankruptcy Basics Part 2: Types of Bankruptcy," from the U.S. Federal Courts. You can also find the full link in the Resources section below. Show only the first 3:48 minutes of this video, which explains Chapter 7 and Chapter 13 bankruptcy. Stop the video when it begins to talk about Chapter 11 bankruptcy.

After the video, allow time for students to finish all their notes and summaries of the videos. If it suits your classroom needs, you can also choose to check students' understanding by asking questions and soliciting responses through a brief class discussion over questions 5-8 or any other questions not previously addressed.

Explain

Display **slide 8**, which shows directions for constructing a Venn diagram. Pair students with new partners or have students return to their original partners from the Think, Pair, Share activity. Pass out a copy of the attached **Venn Diagram** handout to each pair. Display **slide 9**, which shows one example of how students should fill out the Venn diagram. Ask pairs to, using their notes, choose, and then compare, any two types of debt relief discussed in the videos. Allow 25-30 minutes for students to compare and contrast two types of debt relief. Have students turn in their diagrams to assess their understanding of the various types of debt relief.

Optional Modification for Distance Learning

For online or distance learning, consider making this a whole-group discussion or dividing students up and putting them into breakout rooms to discuss the topic. You might also consider making this activity a discussion board post to which your students can respond directly. Download all attachments to use this lesson in Google Classroom.

Extend

Show **slide 10**. Tell student pairs that lenders recommend that people have no more than 36% of debt based upon their debt-to-income ratio, or DTI. Go over the example on the slide, then show **slide 11**, which contains another scenario about Lance. Read the scenario aloud, and pass out a copy of the attached **Scenario 2: Paying off Lance's Credit Cards** handout to all students. Note that a teacher copy with answers to the handout is also attached.

Allow time for students to work on the handout and turn in their answers. A summary of the answer to Scenario 2 can be found on **slide 12**. Display this slide after students have turned in their handouts.

Evaluate

Combine student pairs to make groups of four. Have students use their Cornell notes to create a chant, song, or rap about debt relief using the Chant It, Sing, It, Rap It strategy. Show **slide 13**, which explains this activity. You may choose to assign specific topics to groups. This may include credit counseling agencies (non-profit), debt settlement companies (for-profit), Chapter 7 bankruptcy, Chapter 13 bankruptcy, and debt-to-income ratio.

Optional Modification for Distance Learning

For online or distance learning, you can use an application such as Padlet to have students record themselves sharing their Chant It, Sing It, Rap It activity. Download all attachments to use this lesson in Google Classroom.

Other assessments in this lesson include the Cornell Two-Column Notes and the Venn diagram.

Teacher's Note: Hands-on Learning in Financial Literacy

Mind Your Own Budget (MYOB) is a comprehensive, game-based learning application for financial literacy. Mind Your Own Budget is aligned with the OK Passport and National Standards for Financial Literacy. Through game-playing, students encounter everyday financial tasks such as making and keeping a budget, paying recurring and emergency expenses, managing financial accounts and using financial instruments. Each scenario presents a new challenge and teaches new concepts while building on important budgeting basics. To find out more about K20 Digital Game-Based Learning, go to https://k20center.ou.edu/games/ or email k20center@ou.edu.

Resources

- ABC News. (2010, July 15) Money matters: Looking at debt-relief strategies [Video]. http://abcnews.go.com/Business/video/debt-relief-strategies-usa-today-solutions-sandra-block-11173380
- ABC News (n.d.). Real Strategies to Climb Out of Debt. ABC News. https://abcnews.go.com/WNT/video/real-strategies-climb-debt-23705491
- K20 Center (n.d.). Chant It, Sing It, Rap It. Strategies. https://learn.k20center.ou.edu/strategy/143
- K20 Center. (n.d.). Cornell Notes System. Strategies. https://learn.k20center.ou.edu/strategy/56
- K20 Center. (n.d.). Google Classroom. Tech Tools. https://learn.k20center.ou.edu/tech-tool/628
- K20 Center. (n.d.). Padlet. Tech Tools. https://learn.k20center.ou.edu/tech-tool/1077
- K20 Center (n.d.). Think-Pair-Share. Strategies. https://learn.k20center.ou.edu/strategy/d9908066f654727934df7bf4f5064b49
- United States Courts. (2010, May 3). Bankruptcy basics - part 1: Introduction [Video]. https://www.youtube.com/watch?v=jobpaNCY-LU&index=1&list=PL57A4168A81D34179
- United States Courts. (2010, May 3). Bankruptcy basics - part 2: Types of bankruptcy [Video]. https://www.youtube.com/watch?v=DXv-na6y8nE&list=PL57A4168A81D34179&index=2