



MIDFIRST BANK

PRESENTS

MONEY MOMENTS 2017

AVOIDING BANKRUPTCY!

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Oklahoma PFL Standard 13

Managing your money doesn't have to be difficult. Those that make the decision to spend less than they make, live by a budget, and save for emergencies, experience less stress than those who choose otherwise. Sadly, for some, financial obligations stack up. Although there are ways to get finances under control, some allow their financial troubles to go on for so long they feel there is no light at the end of the tunnel. When debts exceed the ability to repay, the law allows for a way out. It is called bankruptcy. Bankruptcy can help eliminate or reduce debt. While it may sound like an easy out, it has long-lasting consequences. Bankruptcy can stay on your credit record for up to 10 years, making it much harder and more expensive to borrow money because lenders are wary of your credit-worthiness.



Objectives

- Define bankruptcy
- Identify alternatives to bankruptcy
- Understand the consequences of filing bankruptcy

CLASS ACTIVITY

Ask students how they think people get into a situation where bankruptcy is necessary. Promote discussion on how it could be avoided.

Budget Activity - Put your students in pairs. Give each pair a blank budget template containing fixed costs, a job title and a take home salary. Give 10 minutes to create a budget for discretionary costs based on things they need and want. When finished, begin calling out a new expense: "You decide to get cable for \$80/month. You just had a car accident and your deductible is \$500. You start a gym membership at \$60 per month." Give them time to adjust their budgets. Continue until students can no longer afford to pay all their bills. Debrief the students on the frustration they felt when expenses started getting out of hand. Ask them what they could have done to avoid bankruptcy.