

NAME: _____

DATE: _____

ACTIVITY

Debt Survivability

What + Why: Use evidence to decide which financing option Kai can realistically repay and explain what should happen if the debt starts to become a problem.

Kai has several borrowing options, but each one creates different repayment obligations and financial risks. First, use the case study materials and your Debt Survivability Scorecard findings to identify which option Kai is most likely to successfully repay. Then, choose a less survivable option and determine the warning signs to watch for and what steps Kai should take if that repayment becomes difficult to sustain.

Supporting Materials:

Laptop Financing Costs & Risk Comparison (Case Study)

Follow the Evidence (previously completed)

Financially Me: Debt Solutions Flowchart (previously completed)

Instructions:

1. With your group, review the **Laptop Financing Costs & Risk Comparison** case study information.
2. Complete Part 1 of the worksheet.
 - Answer **Supporting Question 3** using evidence from the case study materials.
3. Complete Part 2 of the worksheet.
 - Choose one less-survivable option.
 - Identify warning signs the debt is becoming a problem.
 - Decide when Kai should seek help.
 - Explain what Kai should try first.
 - Decide if or when bankruptcy could become an option.

4. You may use your **Financially Me: Debt Survivability Flowchart** to help with Part 2.
5. Make sure your answers use evidence, not guesses.

Be ready to explain your reasoning.

Part 1 — Answer Supporting Question 3

Use evidence to answer: Which laptop financing option is Kai most likely to successfully repay without creating long-term financial harm, and why? (Use your scorecard in the **Follow the Evidence** handout to help answer this question.)

Part 2 — Choose a Less-Survivable Option

Choose an option that is more financially risky.

Why is this borrowing option less survivable?

Warning Signs

Give at least two warning signs that might indicate that the debt is becoming too difficult to manage.

- 1.

- 2.

At what point should Kai seek help? And what steps should he attempt? (Use your **Financially Me: Debt Solutions Flowchart** to help answer this question.)

Could bankruptcy become necessary? If so, why would bankruptcy be a last resort for Kai?

Be Ready to Explain

Your group should be able to explain:

- Your choice for the best option (with evidence).
- Your choice for a risky option.
 - Warning signs
 - When to act
 - What to try first
 - If bankruptcy could happen

Debt Survivability Rubric

Criteria	4 - Strong	3 - Proficient	2 - Developing	1 - Beginning
Supporting Question 3: Most Survivable Option	Clearly identifies the most survivable option and provides strong, specific evidence from the case study materials and Kai's \$250 budget to justify the decision.	Identifies a survivable option and provides relevant evidence, though explanation may lack depth or specificity.	Identifies an option but explanation is limited, unclear, or only loosely connected to evidence.	Identifies an option with little or no explanation, or reasoning is unsupported by evidence.
Analysis of Less-Survivable Option	Clearly explains why the chosen option is less survivable using multiple structural features (interest, fees, timing, payment pressure, etc.).	Explains why the option is less survivable using at least one relevant structural feature.	Provides a general statement about risk with limited explanation or weak connection to loan features.	Provides little or no explanation of why the option is less survivable.
Warning Signs & When to Act	Accurately identifies realistic warning signs and clearly explains when Kai should act and why.	Identifies reasonable warning signs and suggests an appropriate time to act.	Identifies vague or partially accurate warning signs; timing for action is unclear.	Warning signs are missing, unrealistic, or not connected to the situation.
Response Strategy (What to Try First)	Recommends a logical first step (e.g., repayment plan, credit counseling) and clearly explains why it fits the situation.	Recommends an appropriate first step with some explanation.	Suggests a response but explanation is limited or unclear.	Response is inappropriate, unrealistic, or not explained.
Bankruptcy as Last Resort	Clearly explains under what conditions bankruptcy could become necessary for Kai and why it should only be considered as a last resort, demonstrating understanding of its long-term consequences.	Correctly identifies bankruptcy as a last resort with basic explanation.	Mentions bankruptcy but explanation lacks clarity or depth.	Treats bankruptcy as a simple solution or shows misunderstanding of its role.