

NAME: _____

DATE: _____

PRE-QUIZ

Managing Debt & Financial Risk

What + Why: A quick, ungraded check on what you already know—your answers help shape the learning ahead. It's okay not to know—just give it your best shot.

Instructions:

1. Answer each question as best you can.
 2. Circle the best answer for each question.
 3. Submit it when you're done.
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1. Which action is generally considered an appropriate use of credit?
 - a. buying expensive clothes you cannot afford
 - b. financing education or training that increases future income
 - c. paying for entertainment every weekend
 - d. borrowing repeatedly for nonessential purchases without a repayment plan
 2. Why might a longer loan term result in paying more overall, even if the monthly payment is lower?
 - a. because interest is charged over a longer period
 - b. because monthly payments are always higher
 - c. because lenders charge extra fees automatically
 - d. because loan payments stop earlier

3. Which consequence may result from excessive debt?
 - a. improved credit score
 - b. lower borrowing costs
 - c. reduced future borrowing options
 - d. automatic loan forgiveness

4. Which organization is generally considered a reliable source for debt counseling?
 - a. payday loan companies
 - b. nonprofit credit-counseling agencies
 - c. social media influencers
 - d. unverified online lenders

5. Which is a likely long-term result of bankruptcy?
 - a. immediate access to new credit
 - b. higher credit score
 - c. difficulty obtaining loans or favorable borrowing terms in the future
 - d. automatic debt approval