



Understand the consequences of getting into debt

Unit 15 – Understand how to manage money

Instructions and answers for teachers

These instructions should accompany the OCR Lesson Element ‘Understand the consequences of getting into debt’, which supports OCR Awards and Certificates in Employability Skills Unit 15 – Understand how to manage money.

Employability Lesson Element

Understand the consequences of getting into debt

Unit 15 – Understand how to manage money

Task 1 – How people get into debt

Many people have debt that is planned, for example, a mortgage for a house, a bank loan for a car etc. Some people get into debt that is not planned and this causes them many problems. This is a short list of reasons why people get into debt that is not planned:

- over-spending every month
- excessive gambling
- not paying bills.

Work in pairs to use the internet (or or pre-printed resources) to find out about the different reasons why people get into debt.

Reasons why people get into debt

Work in small groups to discuss the reasons that you have found out about and create a display poster aimed at warning people about the dangers of getting into debt. The poster should be titled ‘Beware of getting into debt!’

OCR
Oxford Cambridge and RSA

Associated files

Lesson Element Activity – ‘Understand the consequences of getting into debt’

Expected duration:

- Task 1 – 40 minutes
- Task 2 – 50 minutes
- Task 3 – 50 minutes



Task 1 – How people get into debt

Explain to the learners that many people have debt that is planned, for example, a mortgage, a bank loan for a car etc.

Tell the learners that some people get into debt that is not planned and this causes them problems. Write the following short list of reasons why people get into debt that is not planned on the whiteboard:

- over-spending every month
- excessive gambling
- not paying bills.

Ask the learners to work in pairs to use the internet (or pre-printed resources) to find out about the different reasons why people get into debt.

Ask the learners to work in small groups to discuss the reasons and create a display poster aimed at warning people about the dangers of getting into debt.

The poster should be titled 'Beware of getting into debt!'

Task 2 – Problems that debt may cause

Explain to the learners that debt causes problems for individuals and their families, e.g. poor health due to stress or the home could be repossessed etc.

Ali had always been awful with money. He used to splash out on luxuries, such as designer clothes, expensive trainers and games consoles. He became a member of an online gaming group and made large monthly payments to a gaming website, but he never had the money to afford all this. He used to borrow money from friends and family but struggled to pay them back. When he turned 18 he thought that he could solve all of his problems by getting credit cards and using these to get cash to pay people back. The problem was that he had no money to pay for the credit cards, so he got new credit cards to pay off old credit cards and the debt spiralled out of control. He didn't know what to do and he stupidly turned to alcohol and after a long string of embarrassing incidents (caused by alcohol) that could have been avoided, he lost his job. He is now out of work. He has huge credit card bills and no friends. His family no longer speak to him because they do not trust him

Read out this fictional story about Ali, who has had problems because of debt:

Ask the learners to make a list of the problems that exist for Ali, his friends and his family.

Ask the learners to work in pairs and use the Internet find out about other problems that debt causes individuals and their families.

Ask them to plan and write a fictional story about a person (and their family) that is experiencing problems because of debt. Encourage the learners to write in complex sentences, using correct grammar.

Ask the learners to read their stories out to the class.



Task 3 – People or organisations that can help those in debt

Explain to the learners that there are people or organisations that can help people or families who are in debt.

Write this example on the whiteboard:

- A bank manager or bank staff can help with a budget plan.

Ask the learners to consider the story that they wrote in Task 2 - 'Problems that debt may cause' and use the internet (or pre-printed resources) to find out what help may be available to those in debt.

In pairs, ask them to discuss and assess the different types of help available and complete the table in their activity booklet.

In pairs, ask them to discuss and assess the different types of help available and complete the table in their activity booklet.

| People or organisation who can help those in debt | How they can help those in debt |
|---|---------------------------------|
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Ask them to work in pairs to write an advice leaflet aimed at people who need help with their debt problems



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