

The Danger of Debt Review

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Understanding Debt and Financial Responsibility

Name: _____

Date: _____

Answer the following questions based on the lesson about debt and financial management.

1. What is interest?

- A. The amount of money borrowed
- B. The cost of borrowing money
- C. The money you earn from saving

2. Proverbs 22:7 teaches that the borrower is a ___ to the lender.

3. What are some potential risks of taking on debt?

4. It is always better to borrow money than to save for what you want.

- True False

5. Why might someone need to borrow money?

- A. To buy something they cannot afford right away
- B. To get free money from the bank
- C. To avoid saving for future needs

6. Small debts can grow quickly if they are not managed ___.

7. What are some smart ways to avoid unnecessary debt?

8. Saving money can help you avoid debt.

- True False

9. What happens when you borrow money and do not pay it back on time?

- A. You might earn money
- B. You could face penalties and more debt
- C. You become richer

10. Why is it important to save money instead of relying on credit?

Answer Key

1. The cost of borrowing money 2. servant 3. Some risks include high interest payments, difficulty paying back the loan, and financial stress. If not managed well, debt can grow quickly and lead to bigger problems. 4. False 5. To buy something they cannot afford right away 6. carefully 7. Some ways include creating a budget, saving for purchases, and only using credit when necessary. It is important to think before borrowing. 8. True 9. You could face penalties and more debt 10. Saving money helps you avoid debt and interest payments. It allows you to buy things without financial pressure and builds a safety net for emergencies.