

# Debt

## Pre-Reading

### A. Warm-Up Questions

1. Do you know the difference between a good debt and a bad debt? What are some examples of each?
2. What do you think the expression "drowning in debt" means?
3. How can a government be a bad financial role model for its citizens?
4. What does the expression "save for a rainy day" mean?



### B. Vocabulary Preview

Match up as many words and meanings as you can.

Check this exercise again after seeing the words in context on page 2.

- |                        |   |
|------------------------|---|
| ___ 1. in the long run | a) something that increases in value, you can sell or use it to earn money            |
| ___ 2. expense         | b) a cost for everyday living or working  |
| ___ 3. mortgage        | c) a loan for the purchase of a new home  |
| ___ 4. day care        | d) in debt, owing money   |
| ___ 5. in the red      | e) to build up a lot over time  |
| ___ 6. asset           | f) a person or organization that looks after young children while parents are working |
| ___ 7. afford          | g) to have the money or ability to pay for something                                  |
| ___ 8. interest        | h) over a long period of time   |
| ___ 9. rack up         | i) extra money owed to a lender, the cost of borrowing                                |
| ___ 10. pay off        | j) to give back all or some of the money that is owed to a lender                     |

## Reading

### DEBT

*Can you afford your own life?*

1. Do you feel like you're drowning in debt, or do you live within your means? Many young people owe thousands of dollars in student loans. Money spent on education should lead to financial freedom **in the long run**. This is not always the case, however. Newlyweds often find themselves drowning in debt. After paying off an expensive wedding, they face a higher cost of living with new **expenses** such as a **mortgage**, **day care** bills, and health insurance. While some families dig themselves out of debt and begin saving money for a rainy day, others remain **in the red** throughout their lives.
2. Living debt-free is not easy. Without loans, we wouldn't be able to buy homes or pay for post-secondary education. Financial experts call these debts that lead to **assets** "good debts." On the other hand, debts on a credit card are usually "bad debts." People buy cars and vacations they can't **afford**, and then pay high **interest** for unnecessary purchases. Some people use one credit card to pay off another. They **rack up** huge bills and spend all of their earnings **paying off** the interest. Have you ever found yourself still paying for something you don't own or use anymore? Getting out of debt takes hard work!
3. Individuals aren't the only ones drowning in debt. Countries around the world are deep in debt. The United States is trillions of dollars in debt. The National Debt Clock in New York City shows how quickly the US debt is growing. What does a nation's debt mean to its citizens? Higher debt means higher taxes and higher interest rates. As governments try to reduce the debt, important services are cut. In the past, the only way to recover from a debt was to go to war! Is war the only answer? What else can governments do to get their spending under control?

*"Rather go to  
bed supperless,  
than rise in debt."*

—Benjamin Franklin

## Comprehension

Discuss these questions in pairs, and write the answers in your notebook.

1. Why are many young people drowning in debt before they have their first job?
2. What expenses are mentioned in the reading?
3. According to financial experts, what is an example of a “good debt”?
4. Why does the reading mention New York City?
5. How have some nations recovered from debt in the past?

## Vocabulary Review

Complete the sentences using vocabulary from page 1.

You may need to change the word forms.

1. We were in the \_\_\_\_\_ until my wife got a raise at work. Now we have some savings.
2. Though your home is usually an \_\_\_\_\_, it's a liability if you owe more than it's worth.
3. Now that we have two kids, our childcare \_\_\_\_\_ have doubled.
4. We couldn't \_\_\_\_\_ a new car, so we bought a used one.
5. My sister \_\_\_\_\_ a huge debt on her credit cards. She needs a second job to pay them off.
6. During the first year that we had a mortgage, we paid a very high \_\_\_\_\_ rate.

## Pronunciation

### WORDS WITH SILENT LETTERS

The most common silent letter in English is the vowel “e.”  
However, many words like “debt” have a silent consonant.  
Circle the silent consonant in the following words.  
Put a star beside the word that has a pair of silent consonants.  
Don’t be fooled! Some of these words have no silent consonants.

- |            |             |           |            |             |             |
|------------|-------------|-----------|------------|-------------|-------------|
| 1. know    | 4. scissors | 7. strap  | 10. fought | 13. science | 16. castle  |
| 2. fasten  | 5. comb     | 8. knee   | 11. salmon | 14. gnome   | 17. Tuesday |
| 3. foreign | 6. doubt    | 9. design | 12. hymn   | 15. April   | 18. kneecap |

## Discussion

1. How would you feel if your government sent each citizen a bill for part of the national debt? Is this a possible solution?
2. Why can’t countries just print more money to get out of debt?
3. Why do some people and governments manage their money better than others?
4. Should banks make it harder for people to get credit cards?

## Critical Thinking

How can a country that is over 16 trillion dollars in debt afford to provide aid to a country in need?

# Listening

Fill in the blanks as you listen to the recording.

## DEBT

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2. Living debt-free is not easy. Without loans, we wouldn't be able to buy homes or pay for post-secondary education. Financial experts call these debts that lead to \_\_\_\_\_ "good debts." On the other hand, debts on a credit card are usually "bad debts." People buy cars and vacations they can't \_\_\_\_\_, and then pay high \_\_\_\_\_ for unnecessary purchases. Some people use one credit card to pay off another. They rack up huge bills, and spend all of their earnings \_\_\_\_\_ the interest. Have you ever found yourself still paying for something you don't own or use anymore? Getting out of debt takes hard work!
  
3. Individuals aren't the only ones \_\_\_\_\_ in debt. Countries around the world are deep in debt. The United States is \_\_\_\_\_ of dollars in debt. The National Debt Clock in New York City shows how quickly the US debt is growing. What does a nation's debt mean to its citizens? Higher debt means higher taxes and higher interest rates. As governments try to reduce the debt, important services are cut. In the past, the only way to recover from a debt was to go to war! Is war the only answer? What else can \_\_\_\_\_ do to get their spending under control?

# Answer Key

**LESSON DESCRIPTION:**

Students read about individual and national debt. The lesson includes vocabulary review exercises, comprehension questions, and discussion questions.

**TEACHING TIPS:**

See *Discussion Starters Teaching Guide* (<https://esllibrary.com/courses/72/lessons/>) for a variety of ways to use the reading.

**LEVEL:** Int

**TIME:** 1.5–2 hours

**TAGS:** discussion, debt, money, finances, US, pronunciation

## Note

In the following teachers' notes, a \* indicates a place in the lesson where you might want to encourage your students to take their learning one step further. (Some teachers call this teaching approach "Demand High.") Try to involve as many learners as possible. Rather than just telling students that the answer is right or wrong, invite them to talk about why it is right or wrong. If you have students in a group setting, make sure that some of your students aren't just sitting back quietly letting others do the work.

## Pre-Reading

**A. WARM-UP QUESTIONS**

Have students work in small groups or as a class.

- 1–3. Answers will vary.
- 4. To have savings in case something unexpected happens.  
Ask your students for examples of a "rainy day" (losing a job, illness, natural disaster, etc.).

**B. VOCABULARY PREVIEW**

- |      |      |      |      |       |
|------|------|------|------|-------|
| 1. h | 3. c | 5. d | 7. g | 9. e  |
| 2. b | 4. f | 6. a | 8. i | 10. j |

## Reading (and/or Listening)

Read individually, in small groups, or as a class. Discuss the quote. (\*Ask your students if they agree or disagree with the quote. Have students bring in their own quotes about debt for discussion.) You can also play the listening as your students read along. A gap-fill version of the reading is available on page 5. Help your students with vocabulary and expressions that they are unfamiliar with.

## Comprehension

1. Many young people are drowning in debt before they have their first job due to student loans.
2. Expenses mentioned in the reading include a mortgage, day care service, health insurance, post-secondary education, cars, vacations, and taxes.
3. According to financial experts, a mortgage or post-secondary education are examples of a "good debt."
4. The reading mentions New York City because there is a National Debt Clock there where people can see how quickly the US debt is growing.\*
5. In the past, some nations recovered from debt by going to war.

\*Have students guess how much the US is in debt. Look up the National Debt Clock online. Watch the numbers. Ask if this shocks your students or not. Compare the US debt to that of other countries.

*(continued on the next page...)*

# Answer Key cont.

## Vocabulary Review

- |          |             |              |
|----------|-------------|--------------|
| 1. red   | 3. expenses | 5. racked up |
| 2. asset | 4. afford   | 6. interest  |

## Pronunciation

- |      |         |             |
|------|---------|-------------|
| 1. k | 7. none | 13. first c |
| 2. t | 8. k    | 14. g       |
| 3. g | 9. g    | 15. none    |
| 4. c | 10. gh* | 16. t       |
| 5. b | 11. l   | 17. none    |
| 6. b | 12. n   | 18. k       |

After correction, invite students to notice patterns.

Which letters and letter combinations are often silent in English?

(b in final position, k in initial position, l and t in the middle of a word, g before n, gh before t, etc.)

## Discussion

Answers will vary.

## Critical Thinking

Answers will vary.

## Listening

1. in the long run, mortgage, in the red
2. assets, afford, interest, paying off
3. drowning, trillions, governments