

THE BORROWING ISSUE

BORROWING LIKE A BOSS

Knowing the basics about credit makes you anything but basic. You'll appreciate the knowledge when you need it. Start your credit journey by learning how it works before using it. Like many things in life, if you can start on the right foot, it'll make it easier in the future. Here are five credit tips to commit to memory:

- 1 Credit cards aren't free money. They're borrowed money you have to pay back.
- 2 Always have a plan for how you'll repay what you borrow.
- 3 Financial institutions charge interest to borrow money, but there's a loophole with credit cards! Pay off a credit card in full each month, and you won't pay a penny of interest.
- 4 Your credit score is like a report card grade of how you've used credit. It impacts what interest rate you'll receive when you borrow money, and could affect your ability to buy a car, rent an apartment, and get a job or a cell phone.
- 5 Build a good credit score by making timely payments and not maxing out credit cards.



THE COST OF CREDIT

Make a credit card minimum payment by the due date, and you'll have paid on time. Woohoo! **But not paying off the balance in full means you'll be charged interest. Boohoo.** How much and long it will take to pay off depends on the balance and interest rate. Check out these numbers:

| Credit Card Balance | Interest Rate | Monthly Payment | Interest Charged | Time to Pay Off |
|---------------------|---------------|-----------------|------------------|-----------------|
| \$2000 | 20% | \$50 | \$1,325 | 5½ years |
| \$1,000 | 18% | \$25 | \$539 | 5 years |
| \$650 | 20% | \$20 | \$294 | Almost 4 years |
| \$250 | 15% | \$15 | \$33 | 1½ years |

YOU COULD BUY AN
ELECTRIC BIKE FOR
THIS MUCH!

THAT'S AS LONG
AS HIGH SCHOOL!

SAVING THIS AHEAD
OF TIME WOULD AVOID
PUTTING IT ON A
CREDIT CARD.

THAT'S MORE THAN HALF THE BALANCE!



“Too many people spend money they haven’t earned, to buy things they don’t want, to impress people they don’t like.”

— **Will Smith** (rapper, actor, producer)

“If you can, you will quickly find that the greatest rate of return you will earn is on your own personal spending. Being a smart shopper is the first step to getting rich.”

— **Mark Cuban** (businessman, investor, producer, philanthropist)

“If you can’t buy it twice you can’t afford it.”

— **Jay Z** (rapper, producer, entrepreneur)

MONEY QUOTES

“I always try to be smart. I try to treat all the money I’m making like it’s the last time I’m going to make it.”

— **Eminem** (rapper, songwriter, record producer)

“You can only become truly accomplished at something you love. Don’t make money your goal. Instead, pursue the things you love doing, and then do them so well that people can’t take their eyes off you.”

— **Maya Angelou** (poet, writer, civil rights activist)

“The safe way to double your money is to fold it over once and put it in your pocket.”

— **Frank “Kin” Hubbard** (cartoonist, humorist, journalist)



CREDIT IN NUMBERS

\$909.9 BILLION

Total amount of credit card debt in 2022

\$5,910 Average credit card balance in 2022

526.2 MILLION

Number of credit accounts in 2022

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SUMMER SOCIAL SCRAMBLE

Play Elements of Money’s Summer Social Scramble for a chance to **WIN \$250!** Beginning Wednesday, July 12th, we’ll post a weekly clue on our Instagram account. Follow the clues to solve the secret phrase and submit answers through Instagram DM. One entry is allowed per week. Visit elementsofmoney.com for more information.