

THE BLOODY MESS WORKSHEET

THE BREAKDOWN: THE HIDDEN SECRET TO YOUR REVOLVING DEBT

"INTEREST IS THE **PENTALTY** YOU PAY FOR THE RIGHT TO OWN SOMETHING
IN **ADVANCE** THAT YOU CANNOT **AFFORD!**

01

Your Credit Card Balance

In the first process, we're using the example of you having a \$5,000 Credit Card that is maxed out, and you're wanting to pay this bad boy off. But in this example, you have less than perfect credit, and you've maxed out this card hurting your utilization, so let's look at the real cost of this mistake. Revolving debt has to go, but you owe \$5,000.

02

Your Payment History

Your bill is due and you've been paying the minimum, or you set an amount you can afford to pay each month and it's \$100 for this step. Disclaimer, we know that you're responsible and you're paying these debts on time and paying it off over time, but for the sake of this example, we're just going to keep this simple.

03

Your Interest Rate and Your Credit Score

You have okay credit, but it's not where it should be and your interest rate is 21% for this particular card. Hey, it could be worse, some interest rates are as high as 26-29%

04

Your Monthly Rate

Remember this isn't simple interest, this is compound interest and it's building up everyday! This is what's going on monthly when you make payments. Take the 21% and divide it by 12 to get your monthly rate which is 1.75%.

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Your Interest Payment

ITurn that interest rate into a decimal, back to school yall, but this is how you calcuate your interest payment. Multiply that converted percentage times your credit card balance, and well you're paying \$87.50 towards just interest! (Somebody is on thier way to pick you up off the floor), we still have a little more to breakdown.

06

Your Prinicple Payment

This means that your priciple payment is the difference between your payment and your interest payment on this \$5,000 limit credit card. The breakdown, breathe, the bank is taking your \$100 payment taking out the interet and using the balance \$12.50 and applying that until you pay them back \$5,000. Are you almost ready for a solution yet?

07

Your Reality

It's your balance \$5,000 divided by your "\$12.50" payment which equates to 400 months, aka 33 years! Hello, this isn't going to work, you have financial goals to slay!

08-09

Your "Sentencing" & What Your Bank Earns

I know reading this, you're probably like, ummm the way my "Money Mood" is setup, I'm not feeling this at all. Well, just a couple of last few things and we're done with this "Bloody mess."

Your \$87.50 times 400 months +

Your bank earns \$35,000 profit off of your \$5,000 Credit Card

THE BLOODY MESS

NEXT STEPS



POSSIBLE SOLUTIONS

01

Get Some Credit Help

A better credit score can lead to much lower interest rates and higher approval odds when it comes time to start adding tradelines to help boost your score and credit profile.

02

Find A Debt Elimination Tool

You need a way to make sure that you can pay off debts faster in today's economy. You need a tool that is going to help you pay them 75% faster, and also give you a way to plug them all into one place and give you an option to tackle the highest ones first with a snowball factor incorporated.

03

Figure Out Which One of Your Cards Has The Highest Balance and Highest Credit Utilization/Highest Interest Rate

Double up or triple up on that card until it is paid down, and pay the minimum on the other cards. Once this one is slayed, then take the snowball balance and apply it to your other cards.

04

Separate Debts From Everyday Spending

Don't try to use one credit card for everything. When rebuilding or managing your credit, as adults we have to realize what are wants and what are needs. Credit is a tool. Do you want it bad enough that you can't wait? Don't make purchases until you can afford to pay them in full before the next billing cycle. You don't want to carry high month to month balances, enough with the bloody mess.

05

Comparison Shop

Make sure that you are using the right credit building resources and getting the best interest rates. When you know your score, it makes it a lot easier to do this, and keep in mind that on average, excellent credit scores get the best rates, whereas when your good-poor you're f