

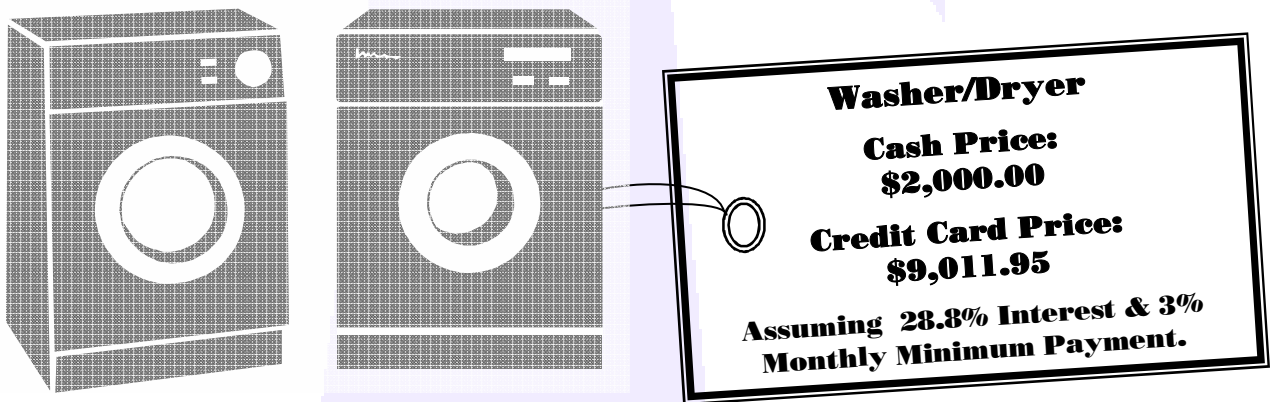
What's The Real Cost?

Have you ever wondered what it's really costing you when you use credit?

For example, some retail store credit cards have interest rates as high as **28.8%**, and minimum monthly payments as low as **3%**... if you owe **\$2,000.00** on such a card, cut it up and **never make another purchase with it again**... How long do you think it will take you to pay off the debt? By making the minimum monthly payment it will take you **30.5 years** to pay the debt off! It would cost you **\$7,011.95 in interest charges** over the **30.5 years** and you would **pay back a total of \$9,011.95** on the original **\$2,000.00** in purchases. It really does pay to consider your repayment plan and all the associated costs when you make a purchase on credit!

To take the previous example one step further...

Imagine if retailers had to put two prices on every product; one showing the cash price and one that showed the total cost of borrowing when purchasing using credit.



How many people would be lining up to pull out their credit card then? Not too many; there is a reason why retailers do not advertise this way! The responsibility of looking at the total cost of purchasing lies on the consumer's shoulders.

Payment vs Investment:

In the scenario above, your monthly payment would start out at \$60.00 (\$48.00 of this is to cover the interest). The chart below illustrates how that money could grow if you invested the \$60.00 a month (instead of having to use that money for a credit card payment).

Monthly Contribution	Investment After 10 Years	Investment After 20 Years	Investment After 30 Years
\$60.00	\$10,807.46	\$34,139.94	\$84,513.04

* Investment totals assume an eight percent compounded annual interest rate.