

Credit Cards:

The Good,

The Bad,

And the Ugly!



Is credit good or bad?

Having credit is like having a car.



A car can be a very useful tool that can open up opportunities for you – help you get a job, travel, etc...

But if you don't follow basic rules and drive it recklessly, you can get yourself in a lot of trouble, even get yourself killed...

Like a car, credit can be a very useful tool if you follow basic rules and use it carefully. You can buy a home, a car, get an education. You can get rewards points, air miles, insurance, etc. But use it recklessly and it can cause you years of hardship, trouble and stress.

Interest is money lost.

You get nothing back for the interest you pay, except for the initial convenience of not having to pay right away.

Especially if you are making minimum payments, most of each payment is going toward interest and not toward lowering the amount you owe.

Before you sign up...

- **Credit checks** – If someone offers you free stuff to sign up, be aware: when you sign up, they run a credit check. Too many credit checks is hard on your credit rating. So is having too many credit cards.
- **Shop around!** Do your research. Compare interest rates, fees, benefits and rewards.
- **Know how you will use the card.**
 - **It is worth \$50 in fees to get \$200 worth of services that you would be buying anyway.**
 - **It is not worth \$50 in fees to get \$20 worth of services, or \$200 in services you don't want or need.**
 - **Read the fine print.** Check for hidden costs. Ask questions. It is *your* money; you have the right to understand before you sign!

REMEMBER: A credit card is not free money. If you don't pay it off in full each month, it is very expensive money!

Cost of Credit

How much would you pay for a leather couch, retail value \$1000 (plus tax)?

Payment Method	Item Cost	Tax (12%)	Interest and fees	Total cost
Cash	\$1000	\$120	\$0	\$1120.00
Buy Now, Pay in 1 Year – pay balance in full on time	\$1000	\$120	\$50 set-up fee	\$1170.00
Buy Now, Pay in 1 Year – pay full balance one week late (28% interest from date of purchase)	\$1000	\$120	\$50 set-up fee, \$373.09 interest	\$1543.09
Buy Now, Pay in 1 Year – start paying \$100/month after due date	\$1000	\$120	\$50 set-up fee, \$765.52 interest	\$1935.52
Credit card – pay in full by due date	\$1000	\$120	\$0	**\$1120.00**
Credit card – minimum payments at 20% interest	\$1000	\$120	\$3083 interest, 26 years 4 months	**\$4083.97**
Rent to own – weekly fee, buy out at end of contract	\$1000	\$3.60/week	\$30/week rental, \$100 buy-out	\$1747.20

For more info, contact Tara at the Antigonish Women’s Resource Centre at 863-6221 (yes, guys can call too!)

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