

Better Business Bureau

Making Wise Choices: Understanding Credit and Debt



Better Business Bureau®

Start With TrustSM

What is BBB?

- Leader in marketplace **trust**
- 116 BBBs in U.S. & Canada
- **Nonprofit** incorporated locally in 1938
- Phoenix & Prescott offices
- Serve Central, Northern & Western AZ
- **10,000** BBB Accredited Businesses



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Marketplace Pressures

Marketing

Advertising

Needs

Wants

Goals



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Consumer Power

- You are in charge!
- Know what **YOU** want
 - What is important to you?
 - What are your needs?
 - What are your long term goals?
- Your money is your vote
- Spend your money wisely



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Establish Goals

What do you **want**?

Where you want to **live**?

Is there a place you want to **visit**?

Where do you want to **work**?



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Save, Save, Save!

- \$ Include savings in your budget!
- \$ Create savings accounts for your goals!
- \$ Plan and save for your retirement!
- \$ Save for emergencies!
- \$ Consult professionals for savings options!



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Budget

A **plan** for how you will spend money

Categorize expenses and be realistic

Track **where your money goes**

Check your progress regularly



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What is Credit?

- Deferred *payment*
- A *loan*



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What is Debt?

- That which is *owed*
- In most cases *PLUS interest*



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Credit Factors

APR (annual percentage rate)

Minimum Payment

Credit Limit

Grace Period

Fees:

Balance Transfer

Over Limit

Cash Advance

Late payment

Application

Annual Fee



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Which Offer Is Best?

Premium Plastic

Application Fee: **\$89**
Participation Fee: **\$3/mo.**
Annual Fee: **\$59**
Grace Period: **20 days**
Minimum Deposit: **\$600**
Interest Rate Paid: **none**
APR (purchases): **19.8%**
APR (cash): **21.8%**
Cash Adv Fee: **4%, \$20 min**
Late fee: **\$35**

Cure Your Credit

Application Fee: **\$295**
Participation Fee: **none**
Annual Fee: **\$35**
Grace Period: **none**
Minimum Deposit: **\$300**
Interest Rate Paid: **.075%**
APR (purchases): **21.99%**
APR (cash): **21.99%**
Cash Adv Fee: **3%, \$5 min, \$50 max**
Late fee: **\$29**

Secure Credit History

Application Fee: **none**
Participation Fee: **none**
Annual Fee: **\$39**
Grace Period: **25 days**
Minimum Deposit: **\$200**
Interest Rate Paid: **2%**
APR (purchases): **16.99%**
APR (cash): **16.99%**
Cash Adv Fee: **3%, \$5 min, \$15 max**
Late fee: **\$29**



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Why does good credit matter?

Good credit = better interest rate

Better rate = less interest paid

Less interest = more money for you

More money = more choices



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FICO Score

A measure of your credit worthiness:

- **Length** of credit history
- **Types** of credit lines
- **Payment history**
- **Balance/limit ratio** on credit lines
- **New credit** lines in relation to time



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Know Your Credit History

Three main credit bureaus keep track of your credit history...

Equifax - www.equifax.com

Experian - www.experian.com

TransUnion - www.transunion.com



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Maintaining Good Credit

- ✓ Pay bills on time
- ✓ Keep card balances low
- ✓ Limit the number of cards you have
- ✓ Check that income covers expenses
- ✓ Save for emergencies



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Use Caution

Payday Loans

Car Title Loans

Pawnshops



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When your debt is too much

- ✓ Pay more than minimum payment
- ✓ Transfer balances to lower rate cards
- ✓ Communicate with lenders directly
- ✓ Contact credit counseling services



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Resources

BBB

FTC

Consumer Action



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How to Contact Your BBB



Phone: 602-264-1721

Internet: www.arizonabbb.org



facebook.com/azbbbnews



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youtube.com/theazbbb

Visit: 4428 N. 12th Street



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