

# DEBT 101

Having too much debt can be a great source of stress. With a little planning, you can actually use debt to your advantage to support your financial and personal goals. Here are some things to think about before taking on new debt or adding to the debt that you have:



**TACKLE YOUR PRINCIPAL EARLY.** Your early loan payments usually go towards interest (the rate charged for borrowing money) before principal (the amount borrowed). If you have access to extra funds, it is wise to pay your principal as well.

**INTEREST BUILDS OVER TIME.** Lower payments do not necessarily mean that you are saving. In fact, the longer the life of the loan, the more interest you pay overall.

**LEVERAGE IS KEY.** Having collateral (any valuable assets you can use to back your loan) lowers the risk of loss for financial institutions because they can seize the asset to recover the funds lent if the borrower fails to repay.

**STAY INFORMED.** Ask your loan officer about fees and closing costs. Loans often include extra fees you might not notice. Read the fine print in your contract to avoid being blindsided.

**SHOP AROUND.** Do your research for the best loan terms and do not be afraid to negotiate.

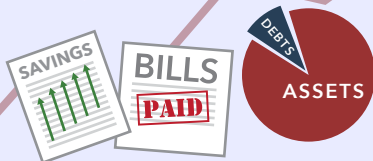


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## #1 UNDERSTAND YOUR FINANCIAL SITUATION



## #2 CREATE AND TRACK YOUR BUDGET



## #3 ESTABLISH AN EMERGENCY FUND



## #4 ORGANIZE YOUR DEBTS



## #5 MAKE EXTRA PAYMENTS WHEN POSSIBLE



## #6 SEEK FINANCIAL ADVICE IF NEEDED

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