

## LESSON 14: Debt Jeopardy



### Money Mastermind Lesson 14, Worksheet 2:

#### Debt Snowball

Beware of the debt snowball. Once bad debt starts rolling, it's hard to stop the momentum of money owed from piling up. Check out the scenarios below to see how the debt snowball can pick up interest and lead to years of continued payments.

#### What's It Really Cost?

Brent buys a new video game console at \$200 and pays for it with a credit card carrying a 25% Annual Percentage Rate (APR). He only has to pay a minimum payment of \$10 each month, which seems like a bargain because he can use the video game console right away and make the payments over time. Help Brent figure out the true cost of his video game console and how long it will take him to pay it off.

Original Purchase Cost	Months to Pay off Debt	Amount Paid in Interest	Final Price
\$200			

Now, imagine that Brent charges \$2,000 in car repairs and plans on paying a minimum monthly fee of \$50. The card carries a 25% Annual Percentage Rate (APR). How much are those car repairs really costing Brent and when will he pay off the amount owed? Use the same online calculator to fill in the information below.

Original Purchase Cost	Months to Pay off Debt	Amount Paid in Interest	Final Price
\$2,000			