



As a **college graduate**,
you're entitled to a crushing
credit card debt.



Having a college degree virtually assures that you'll be barraged by credit card companies offering you cards with hefty credit limits. Combine your diploma with a good job, and it's easy to get a \$5,000 limit. What isn't easy is paying off a \$5,000 balance.

The lower your payment, the higher your pain

The trap is making only the minimum payment. The statement comes and you see a figure identified as your minimum monthly payment. You write the check and think you're paying your bill. But what you're really doing is starting to pile up a mountain of interest, month by month.

If you're paying 18% APR, a typical rate, and make only the minimum monthly payment, usually around 2% of the balance, it could take you almost 40 years to pay off a \$5,000 balance. And along the way, you'd be paying \$13,397 in interest.

And that's if you never charge another single thing. Here's why. Your \$100 minimum payment doesn't lower your balance by \$100. In the first month, \$75 of it goes just to pay the interest. So you end up paying off only \$25 of your balance.

Even if you carry a Tower MasterCard®, with its 10.9% APR, it could still take you almost 20 years—though you'd pay “only” \$3,791 in interest. Did we say “crushing”?

Pay more than the minimum payment

The interest on your credit card balance never sleeps. Every day the interest accrues and sinks you deeper in debt. Just look at what paying only the minimum payment really means:

Annual Percentage Rate	18% APR	10.9% APR
Outstanding Balance	\$5,000	\$5,000
Minimum Payment	2%	2%
Years to Pay Off	39.3	19.9
Total Paid to Credit Card	\$18,397	\$8,791
Total Paid in Interest	\$13,397	\$3,791

The above figures were calculated with a minimum payment amount not less than \$15.

Good financial management is pain management

The best way to avoid all this is simple. Not easy, but simple.

Lesson 1: Never fall for the minimum payment temptation in the first place. Charge something one month, pay it off the next when the bill arrives. In full. Walk around with a zero balance. Pay zero interest. Feel zero pain.

It's a good life. Enjoy it.

**For more information,
go to towerfcu.org**

Our Web site is a good place to learn the basics about what it costs to carry a credit card. We've done our best to give you factual information in clear, straightforward language. If you have a specific question, ask a Tower representative at any Tower branch.

Other resources that can help

federalreserve.gov/creditcard

The U.S. Federal Reserve provides very good financial help for consumers. Use their Web site for accurate information.

bankrate.com

For everything that has to do with money.

balancepro.net

Comprehensive financial education and counseling services.

ftc.gov/idtheft

Provides identity theft information and how to avoid becoming a victim of it.



7901 Sandy Spring Rd.
Laurel, MD 20707-3589
301-497-7000 800-787-8328
towerfcu.org

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