

Debt Analysis

This analysis will help you see how much debt you have and the amount of monthly interest you are paying. You can go to www.bankrate.com to run amortization schedules to find the principal and interest amounts on your loans if you do not have an amortization schedule.

"While disciplined saving and smart investing are important for securing your future, it is prudent debt management that will allow you to **build wealth** faster and with less risk. The explanation is a simple one: Because of the power of compounding, paying interest works against you in the same way that earning it works for you when you invest. According to the research firm www.CardTrak.com, **the average household owes about \$9,900 in credit card debt at an interest rate of 14%, resulting in an additional cost of approximately \$1,500 a year. If, however, a family could invest that same \$1,500 annually, after 30 years with an 8% return they would have an extra \$181,700.**" Source: American Funds Investor Spring/Summer 2008

Type of Bill	Monthly Payment and Principal	Interest Rate and Monthly Amount	Balance	Payoff Date
EXAMPLE	\$92 and \$75	10% and \$17	\$2,000	08/2010
TOTAL	Payment/Principal	Monthly Interest	Total Debt	