

CONSUMER DEBT



What Is Consumer Debt?

- ▣ Outstanding money owed by consumers
- ▣ Examples
 - Credit Card Debt
 - Student Loans
 - Mortgages

Why Is This Important?

- ▣ Americans Love Debt
 - At the end of 2010, Americans had \$1,117,000,000 in CREDIT CARD DEBT
- ▣ Anyone Can Get a Credit Card
 - Only have to be 18 years old

How It Impacts Students

- ▣ You will have debt
 - Student loans
 - Car loans
 - Home loans
- ▣ CREDIT CARDS ARE EVERYWHERE
 - In the mail
 - At stores
 - ▣ Best Buy, Macy's, Nordstrom
 - On college campuses



SKIT

- ▣ Time to Buy a Car
 - ▣ What Rights Do You Have as a Buyer?
- ▣ What is Good For You Is NOT Good For Them
 - ▣ Watch Out For Sleazy Car Salesmen



Rights of a Car Purchaser

- ▣ Ask whether the car has a warranty or is sold “as-is”
- ▣ Ask for all promises in writing
- ▣ Ask for the car to be inspected by an independent mechanic before you buy
- ▣ LEMON LAW PROTECTION
 - State and Federal Law
 - Remedy if seller lies

LIST OF TERMS

▣ Interest

- The money paid by the consumer to the borrower for the use of borrowed money

▣ APR

- Annual Percentage Rate – the yearly cost of a loan, as a percentage of the amount owed

▣ Credit Purchase

- A legally binding agreement in which a borrower receives something now and agrees to pay the lender back at a later date.

LIST OF TERMS

- ▣ Credit Card
 - Any card that can be used to repeatedly borrow money or buy products on credit.
- ▣ Minimum Payment
 - The smallest amount that can be paid per month to avoid a penalty
- ▣ Late Fee
 - Money charged when payment is not received on time

List of Terms

- ▣ Credit Score
 - Something everyone has
 - A way companies measure how good you are at repaying loans
- ▣ Credit Agency
 - Companies that compile your information and determine your credit score
- ▣ Warranty
 - An agreement between buyer and seller in which seller agrees to make repairs or fix problems in the future