# Components of Debt Worksheet

## PURPOSE

When considering taking on debt, it’s essential to think about the **full costs**. When you borrow money, you’ll be repaying the amount you borrow (the principle) plus the interest and fees for a set period of time. This ties up a chunk of your money that you may want to use for another purchase, investment, or for an unexpected emergency. Debt isn’t necessarily a bad thing, but it is important to evaluate your wants, needs, priorities, and goals for your life to determine if taking that debt on is the best choice.

## ACTION

This activity has two versions that can be completed:

**If you currently have debt or loans**, complete the “Components of Your Debt” section.

* + Gather the terms and details of any debts you currently possess.
  + Review the loans and debt you currently owe.
  + Complete the following table to list out the terms of your debts. This will help you get a complete picture of what you owe. Add, delete, or change columns if the provided examples don’t reflect your personal situation.

**If you do not have debt**, complete the “Components of an Auto Loan” section.

* + Use the included resources to calculate full costs of an auto loan for whatever make and model of vehicle you would consider purchasing in the future.

### Components of Your Debt

#### Installment Loans

|  | Auto Loan | Student Loan | Personal Loan | Mortgage |
| --- | --- | --- | --- | --- |
| Company: |  |  |  |  |
| Principal Borrowed: |  |  |  |  |
| Term: |  |  |  |  |
| Interest Rate: |  |  |  |  |
| Minimum Payment: |  |  |  |  |

#### Revolving Credit

|  | Credit Card 1 | Credit Card 2 | Credit Card 3 | Store Card 1 |
| --- | --- | --- | --- | --- |
| Company: |  |  |  |  |
| Current Balance: |  |  |  |  |
| Interest Rate: |  |  |  |  |
| Minimum Payment: |  |  |  |  |
|  |  |  |  |  |

#### Medical and/or Tax Debt

|  | Medical Debt 1 | Medical Debt 2 | Tax Debt |
| --- | --- | --- | --- |
| Company: |  |  |  |
| Current Balance: |  |  |  |
| Interest Rate: |  |  |  |
| Minimum Payment: |  |  |  |

### Components of an Auto Loan

#### Resources

Use the [Kelley Blue Book website](file:///C:\Users\John\AppData\Local\Packages\Microsoft.MicrosoftEdge_8wekyb3d8bbwe\TempState\Accessibility\Essential%20Activities%20-%20TH-PW%20Review,%20Pre-Tre\kbb.com) to find out what the fair price value is for a car you would consider financing.

#### Car Payment Calculator

Use the table below to determine the cost of financing this vehicle. Change some of the components in the calculator (high down payment, shorter loan terms, etc.) to see how that impacts the cost of the loan.

|  | Auto Loan 1 | Auto Loan 2 |
| --- | --- | --- |
| Make and Model: |  |  |
| Fair Price Value: |  |  |
| Down payment: |  |  |
| Terms: |  |  |
| Interest Rate: |  |  |
| Minimum Payment: |  |  |
| **Total Cost of Loan**: |  |  |

## NEXT STEPS

Once you have successfully completed this Financial Wellness Activity, you have increased your understanding of your own financial well-being. You are now prepared to use this information to make thoughtful, educated decisions about how and when to use credit to achieve your financial goals.

You are now one step further in MyPlan. At this point we encourage you to discuss your progress with a faculty or staff member at Clark College, such as an academic advisor or faculty advisor, Financial Wellness Coach, Career Services staff, or class instructor.

It may be useful to print out and refer to this completed activity before your meeting, or email it to the staff/faculty ahead of time.