



GOOD DEBT VS BAD DEBT



TACKLE DEBT



KEY TAKEAWAYS

ISSUE NO.2 | Nov 2023 | VOLUME IV

Growing Greatness LLC



www.growinggreatnessllc.com

# “Growing”

“Understanding debt to build good credit”

“YOU MUST GAIN CONTROL OVER YOUR MONEY OR THE LACK OF IT WILL FOREVER CONTROL YOU.” – DAVE RAMSEY

*Growing Greatness LLC., is your trusted partner on the path to financial success. Whether you're looking to master budgeting, reduce debt, or plan for a secure future, we're here to guide you every step of the way.*

## Understand good debt vs bad debt and its connection to credit

The difference between good debt and bad debt is- good debt offers long-term financial benefits to you, whereas bad debt may hurt your finances immediately or in the future.

### TYPES OF GOOD DEBT:

Mortgages lets you finance a home in a location with stable property values. This type of debt can have long-lasting benefits. A 30 year fixed rate mortgage with affordable payments can provide a home for you and your family.

Business loans can help launch or expand a business, and that can help generate income.

Auto loan can be a good debt if it provides reliable transportation under terms you can afford.

### TYPES OF BAD DEBT

Credit cards with high interest rates. Plastic can ruin your financial health. The interest rates are the silent killer.

Payday Loans are as bad as credit cards, if not even worst. Quick and easy, but the finance charge is usually very high.

**Good Debt vs. Bad Debt**

**Good Debt (Green background):**

- Education (thumbs up icon)
- Business (graduation cap icon)
- Home (house icon)

**Bad Debt (Red background):**

- Cars (thumbs down icon, yellow car icon)
- High levels of credit card debt (credit card icon)



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## TACKLE DEBT

Make a list with all debt balances, interest rate, and monthly minimum payment. Once completed consider using a repayment method to help give you clarity and assistance towards your goal of being debt free. The two popular methods used to become debt free are: DEBT AVALANCHE and DEBT SNOWBALL. The debt avalanche is when you pay off your debt in order from the highest interest rate to the lowest, regardless of balance. The debt snowball encourages you to pay off that smallest debt first, giving yourself that drive and momentum needed to tackle the remaining debt with a vengeance.

# Playbacks and key takeaways

*"We are affected by what we know so get the information. Don't be lazy in learning." -JimRohn.*

- Debt can be considered good if it has potential to increase your net worth or significantly enhance your life.
- A mortgage or student loan may be considered good debt, because it can benefit your long-term financial health.
- Bad debt is money borrowed to purchase rapidly depreciating assets or assets for consumption.
- Bad debt can include high levels of credit debt, which can hurt your credit score.
- You can manage debt with a planned budget.
- The debt avalanche and debt snowball have a similar goal: to help you become debt-free.
- The snowball method guides you to pay the smallest debt as fast as possible. Pay minimums on all other debt. Then pay that extra toward the next largest debt.
- Debt avalanche directs you to pay the largest or highest interest rate debt as fast as possible. Pay minimums on all other debt.
- Review our Sept 2023 Newsletter- Journey to Financial Wellness, Volume III on the website [www.growinggreatnessllc.com](http://www.growinggreatnessllc.com)

*"To change you have to do things differently. Habits are contagious"*



## Growing Greatness LLC

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**"GROWING"**  
Journey to  
Financial Wellness



Step 1:  
Create a Budget  
Step 2:  
Review Credit  
Step 3:  
Increase Income  
Step 4:  
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Issue 3, Sept 23, Vol III