

## ## MODULE 1 RESOURCES

### ### Resource 1.1: Debt Types Comparison Chart

#### \*\*DEBT TYPES AT A GLANCE\*\*

Debt Type	Typical APR	Term Length	Secured?	Best For
Avoid If				
**Credit Cards** when paid in full	18-29%	Revolving  Can't pay full balance monthly	No	Rewards
**Student Loans - Federal** Education with career ROI	5-8%	10-25 years  Uncertain career path	No	
**Student Loans - Private** Exhausted federal options	6-14%	5-20 years  Federal aid available	No	
**Auto Loans - New** transportation need Want vs. need purchase	5-12%	3-7 years 	Yes (car)	Reliable
**Auto Loans - Used** Affordable reliable vehicle	7-20%	3-5 years  High-risk older vehicle	Yes (car)	
**Personal Loans** consolidation	8-36%	2-7 years  Already spending problem	No	Debt
**Payday Loans** USE**	400%+	2-4 weeks  **ALWAYS AVOID**	No	**NEVER
**Buy Now Pay Later** if can pay on time	0-30%	6 weeks-12 months  Impulse purchases	No	Only
**Home Mortgage** Affordable home purchase	6-8%	15-30 years  Stretching budget	Yes (home)	
**Home Equity Loan** home improvement	7-10%	5-30 years  Consumer debt payoff	Yes (home)	Major
**Title Loans** USE**	300%+	1-12 months  **ALWAYS AVOID**	Yes (car)	**NEVER
**Pawn Shop Loans** resort emergency	200%+	1-6 months  Better options available	Yes (item)	Last

#### \*\*Key Definitions:\*\*

- \*\*APR (Annual Percentage Rate):\*\* The yearly cost of borrowing including interest and fees

- **\*\*Secured Debt:\*\*** Backed by collateral (asset lender can take if you don't pay)
- **\*\*Unsecured Debt:\*\*** Not backed by collateral (can hurt credit but can't take property directly)
- **\*\*Revolving Debt:\*\*** Can borrow, repay, borrow again (credit cards)
- **\*\*Installment Debt:\*\*** Fixed payment over fixed term (auto loans, mortgages)

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