

Credit Card Debt 101

Never get caught in the minimum payment trap!



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Hang On, HELP is on the Way

Learn how to get out of CREDIT CARD DEBT using Amortization



CREDIT CARD STATEMENT

BANK OF LEGAL USUARY
Where High Rates Make Us Rich!

Account Number: 4000 1234 5678 9010
Statement Date: July 21, 2026
Payment Due Date: August 11, 2026

YOUR APR (ANNUAL PERCENTAGE RATE)
24% APR
This is a VARIABLE APR that may increase based on the Prime Rate. APR is the cost of your credit expressed as a yearly rate.

PAYMENT INFORMATION
MINIMUM PAYMENT DUE
\$25.00
BALANCE DUE
\$1,000.00

ACCOUNT SUMMARY
Previous Balance \$900.00
Payments \$0.00
Purchases \$65.00
Fees \$15.00
Interest Charged \$20.00
NEW BALANCE \$1,000.00

TRANSACTIONS SINCE YOUR LAST STATEMENT

DATE	DESCRIPTION	AMOUNT
07/05	Grocery Store	\$45.00
07/08	Gas Station	\$20.00
07/12	Online Purchase	\$85.00
07/15	Restaurant	—
TOTAL NEW PURCHASES		\$65.00

INTEREST CHARGE CALCULATION
Your Annual Percentage Rate (APR) 24.00%
Monthly Rate 2.00%
Average Daily Balance \$1,000.00
Days in Billing Cycle 31
INTEREST CHARGED \$20.00

QUESTIONS?
Call us 24/7 at 1-800-USUARY1 (878-2791)
Visit us online: www.legalusuarybank.com

REMEMBER:
High rates today mean a lighter wallet tomorrow. We make money. You pay it.

★ THANK YOU FOR HELPING BANK OF LEGAL USUARY GROW! ★

OMG
What a SHOCK!

In this Game you decide to fly to see the family for the Holidays and bring some gifts. NICE!!!

After purchasing airline tickets and buying those lovely presents for the family its time to go home. Wow that was fun! A couple days of getting settled in and its time to get back to work and school. OMG you open the mail (email) and there is your credit card bill for \$1,000.00

The Good News... You **ONLY** have to make the minimum payment of **\$25.00**. Isn't that nice?? They understand the holiday tight Cash Flow. They sent the statement with spending offers & festive graphics. LOVELY.

The balance of all the spending is organized in the detailed statement and the current (**PV**) is _____

BE AWARE....The credit balances may change day to day depending on your spending habits, lender compounding periods, and unfathomable bank terms including transaction fees. (think ATM) Cash Advances may JOLT the **PV** to the MOON so be on alert for high fees.

The credit card terms are in the statement with fees for interest @ **24%** annual (**APR**)_____

How much is the periodic monthly *monthly interest rate* (*divide APR by 12*) (**IR**) _____

How much **interest** will you owe the bank at the end of the first month **INT**=_____

If you just pay the minimum payment of \$25.00 (**PMT**)_____

How much will be applied to the principal reduction? _____

What is the new declining balance? (subtract principal reduction from PV) _____

That new balance is called the **FV** (Future Value) and will be transferred to the **PV** of the next month if not paid in full and to be continued and repeated again. **FV**_____

Paying the minimum **PMT** of \$25.00 is a weak plan with a very slow rate of amortization.

How much would you owe at the end of the 6th month? EOM6 **FV**= _____

What % of the loan was chunked down at the end of 6 months? % of loan _____

CREDIT CARD BALANCE 6 month declining balance

Statement Balance

MIN PMT =

APR = ANNUAL INTEREST (written as **A**nnual **P**ercentage **R**ate)

IR = INTEREST RATE per cycle (example monthly payments is the APR divided by 12)

FV = FUTURE VALUE OR Amount OWING @ end of 6 months

PMT Amount = affects the speed of the declining balance

Time	PV CREDIT CARD \$\$\$ owed	APR annual % rate	IR interest per cycle	PMT Payment cash flow out CF0	Interest \$\$\$ owed to LENDER	Principal Reduction Amount	FV new balance owing lender = future value
START begin month BOM 1				<0>	0	0	
End Of Month EOM 1							✱
	note the prior month FV becomes the new PV & begins the next month						
EOM 2	✱						
EOM 3							
EOM 4							
EOM 5							
EOM 6							

Notes & Extra Credit With a **STRONG PLAN** principal quickly reduces.

What is the **FV after 6 months @ PMT \$100.00 per month**

How much principal being was chunked down? amount and percentage _____ % _____

What can we learn from the above??

That the minimum **PMT** of **\$25.00** is a front row seat resulting in your entry to the abyss of growing debt. Plus you may continue to spend Dinners, Grocery, Travel, Etc. (**NO BUENO**)! Do not get lulled into this min PMT trap that may reduce your credit score, make future loans expensive, and worse, **create insolvency**.

Being cognizant of the cost of **MONEY** & and systemic reduction of debt is important to you the **CFO** (Chief Financial Officer) of your life. As CFO you must **BALANCE** the amount you spend/borrow with your ability to repay your obligations ontime.

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THANK YOU FOR HELPING BANK OF LEGAL USUARY GROW!

**WOW
What a Problem!
Let's Fix It**

In this Game you decide to fly to see the family for the Holidays and bring some gifts. NICE!!!

After purchasing airline tickets and buying those lovely presents for the family its time to go home. Wow that was fun! A couple days of getting settled in and its time to get back to work and school. OMG you open the mail (email) and there is your credit card bill for \$1,000.00

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The credit card terms are in the statement with fees for interest @ **24%** annual (**APR**) 24%/yr

How much is the periodic monthly *monthly interest rate* (divide APR by 12) (**IR**) 2%/mo

How much **interest** will you owe the bank at the end of the first month
take the balance and multiply by 2% **INT\$=** \$20.00

If you just pay the minimum payment of \$25.00 (**PMT**) \$25.00

How much will be applied to the principal reduction? (subtract INT\$ from PMT) \$5.00

What is the new declining balance? (subtract principal reduction from PV) \$995.00

That new balance is called the **FV** (Future Value) and will be transfered to the **PV** of the next month if no additional PMT's to be continued and repeated again. **FV** \$995.00

Paying the minimum **PMT** of \$25.00 is a weak plan with a very slow rate of amortization.
How much would you owe at the end of the 6th month? **EOM6 FV=** \$968.46

What % of the loan was chunked down at the end of 6 months? **% of loan** 3.2% reduction

CREDIT CARD BALANCE 6 month declining balance

N = TIME for PMT cycle time (example Monthly below)

Statement Balance

\$1,000.00

APR = ANNUAL INTEREST (written as **Annual Percentage Rate**)

24%/year

IR = INTEREST RATE per cycle (example monthly payments is the APR divided by 12)

2%/month

PMT Amount = affects the speed of the declining balance

\$25.00

FV= FUTURE VALUE OR Amount OWING @ end of 6 months @ PMTs of \$25.00/month

\$968.45

FV= FUTURE VALUE OR Amount OWING @ end of 6 months @ PMTs of \$100.00/month

\$504.65

Time	PV CREDIT CARD \$\$\$	APR annual % rate	IR interest per cycle	PMT Payment cash flow out CF0	Interest \$\$\$ owed to LENDER	Principal Reduction Amount	FV new balance owing lender = future value
START begin month BOM 1	\$1,000.00	24%	2%	<0>	0	0	
End Of Month EOM 1	\$1,000.00	24%	2%	\$25.00	\$20.00	\$5.00	* \$995.00
note the prior month FV becomes the new PV & begins the next month							
EOM 2	* \$995.00	24%	2%	\$25.00	\$19.90	\$5.10	\$989.90
EOM 3	\$989.90	24%	2%	\$25.00	\$19.79	\$5.20	\$984.70
EOM 4	\$984.70	24%	2%	\$25.00	\$19.69	\$5.31	\$979.39
EOM 5	\$979.39	24%	2%	\$25.00	\$19.59	\$5.41	\$973.98
EOM 6	\$973.98	24%	2%	\$25.00	\$19.48	\$5.52	\$968.45

Notes & Extra Credit With a **STRONG PLAN** principal quickly reduces.

What is the **FV after 6 months @ PMT \$100.00 per month**

\$495.35

How much principal being was chunked down? amount and percentage

\$504.65 % \$50.4%

What can we learn from the above??

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