

Jobs?

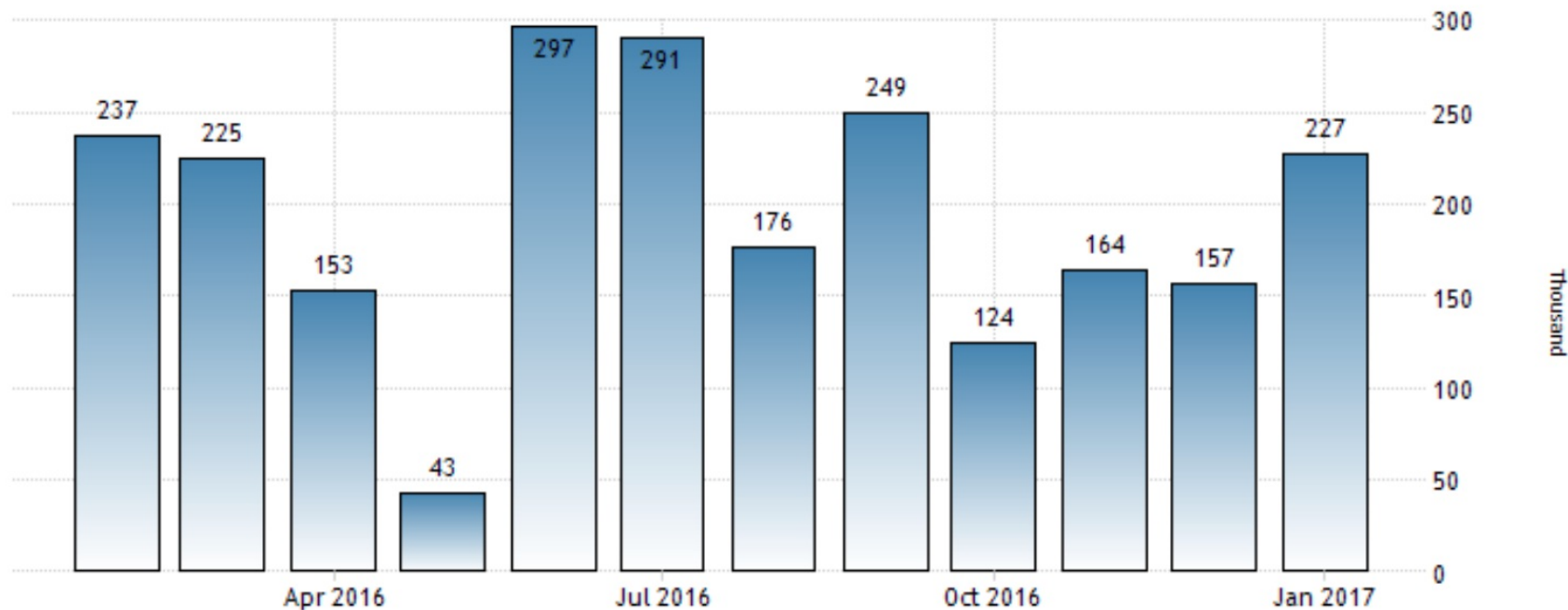
235k - F

238k - J

NFP

300-Rog

US NON FARM PAYROLLS



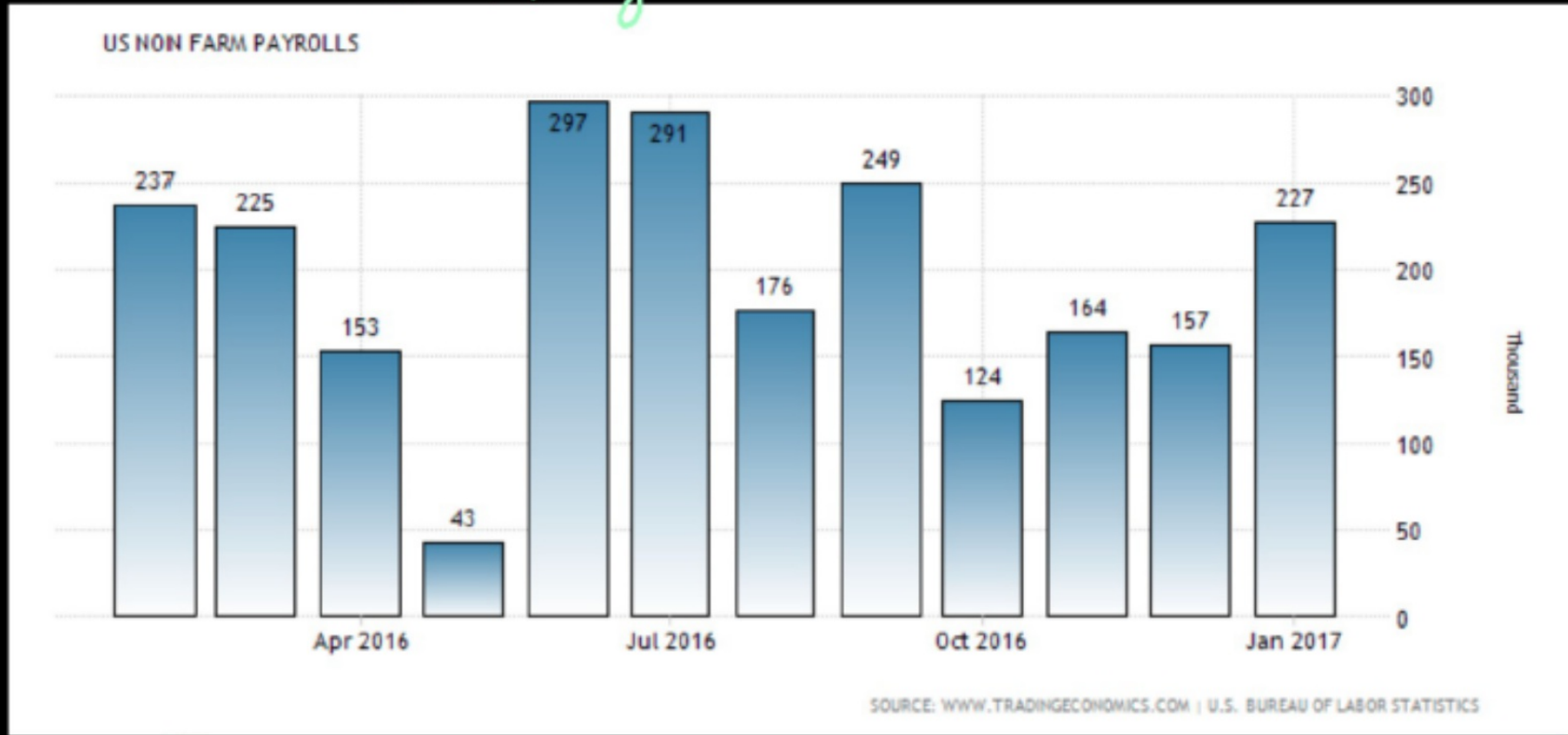
SOURCE: WWW.TRADINGECONOMICS.COM | U.S. BUREAU OF LABOR STATISTICS

Handwritten notes in green and blue:

- 210 RFB
- 234-VG (circled)
- 124 CV
- 210 AV
- 210 MA
- 180 JK
- 200 KT
- 242
- 200 TP
- 215 - TD
- 175 LG
- 220 - FL
- 170 IB
- 280 - RM
- 230 - DS

NFP

300-MReq



Handwritten notes in various colors:

- 269sv (green)
- 185 KN AX (pink)
- 49 EP (green)
- 280 (pink)
- 187 (green)
- 254 ANF (purple)
- 184 (green)
- 238CH (pink, circled in green)
- 230 (purple)
- 160 ELB (pink)
- 200m (pink)
- TPP (purple)
- 50/9 (green)
- 190 S (green)

## Today's learning objective:

By the end of class, I will be able to identify the key characteristics of credit for specific types of debt (mortgage, student loan, credit card, car loans, payday loan).

## Today's language objective:

Credit vs Debt

Fixed vs Revolving (*credit card*)

Collateral *assets that back the debt*

Annual Percentage Rate *interest rate*

Interest

Principal *amount originally borrowed*

Maturity *years until debt is due*

Team Mortgage: Fixed vs Revolving; Collateral;  
Annual Percentage Rate; Interest; Principal; Maturity  
Interesting or notable facts about your debt

Team Student Loans:

Team Credit Cards: Yes, but treat it like a debit card

Team Auto Loans: Yes. Buy used please.

Team Payday/Title Loans: NO :( :( :(

## Mortgage:

collateral = house (security for the lender)

APR (mortgage interest rate) = 3.2% - 4.0%

15 year and 30 year

Fixed mortgage\* or an ARM (adjustable rate mortgage)

Home equity loan = turning your home into a credit card (reverse mortgage)

Principal = initial amount borrowed to buy house

Maturity = length of loan; when debt is paid off

## Student loan

Collateral = future earnings or future possessions

"Secured student loans" allow banks to take your possessions or future paychecks

"Unsecured student loans" don't have collateral

USA student loan debt is \$1.2tn

Average college student has \$26k in debt

Student loans are fixed

Installment loan (pay it back in smaller chunks)

Student loans may prevent you from acquiring new loans

On-time payments are tantamount to high credit score

Principal is paid last (takes a long time to pay off loan)

Americans owe more in student loans than credit cards

APR for student loans = 10.57% vs 10.76% (deferred)

## Credit Cards

Revolving debt = constantly borrowing and repaying

Collateral = bank can seize assets (things you've bought)

APR = 12.5% average, 25% high, 0% low (1st year offer)

Credit card bills are paid monthly

2012 = credit card transactions were \$2.48 tn

2/3 of in person sales are paid with plastic

Credit cards originally called "charge-its" in NY

First number on CC identifies it

No fraud liability

5 year expiration date

\$15k credit card debt per US household

10k transactions per second on CC

6 offers per month per household



## Payday loans

### Fixed loans

Collateral - paycheck

APR - 400% average

Principal - \$375 average

Maturity - 2 to 4 weeks

More payday lender locations than McD's and Starbuck's combined

Florida has most payday loan locations

Payday lenders sometimes use checking accounts as collateral

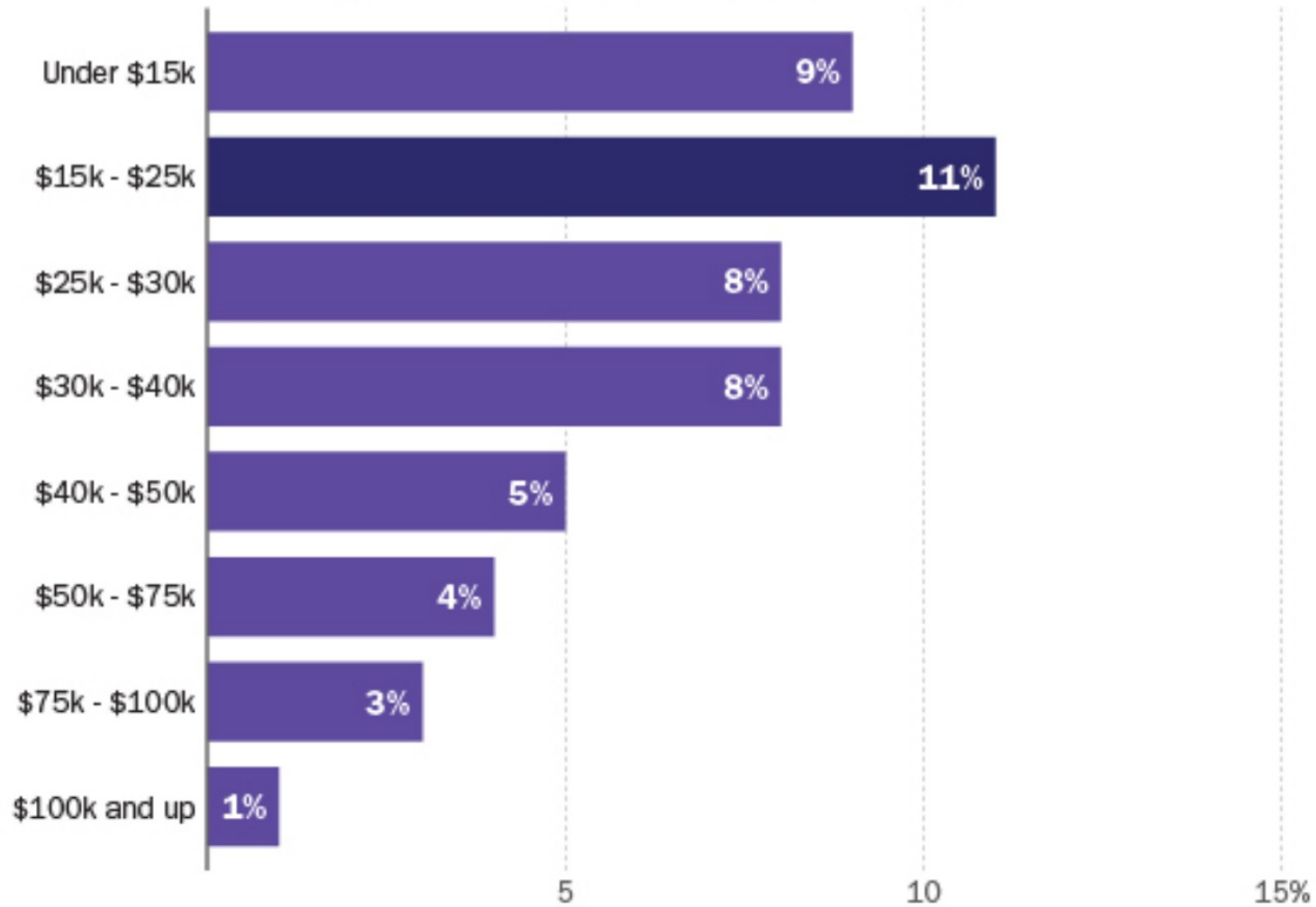
21% of Americans have no emergency savings

GA, NY, NJ, AR, AZ, NC, CT, MD, DC Payday loans illegal

Avoid Title Loans as well: they are payday loans with cars as collateral

# Income

Percentage of each subgroup reporting payday loan usage



Source: PEW SAFE SMALL-DOLLAR LOANS RESEARCH PROJECT

HUFFPOST BUSINESS

## Auto loans

Fixed loan

Collateral is car

APR (Interest) 3% to 4%, 2% to 5% for used

Principal - \$4 to \$45k

Maturity - 60 months average

33% of American households have an auto loan payment

Q3 2016 \$1tn in auto loan debt

Delinquency rising 1% per year