

# Week 5: Credit, Debt, Inflation

---



# What is credit?

**Ability to borrow money or access goods or services with the understanding that you will pay it back later.**

# Credit Score

---

Measures how reliable a borrower is. Higher or better credit scores allow you easier and cheaper access to money.



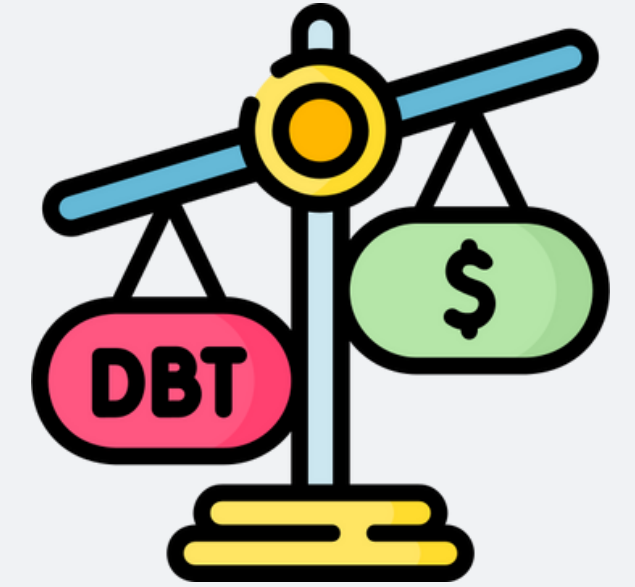
# Credit Cards



Credit cards are cards that let you borrow money to pay for things. You must pay back what you borrow, often with extra money called interest if you don't pay it all back on time.



# What is debt?



money or something of value that one party borrows from another, with an agreement to repay it, usually with interest, over a specific period of time.



# Good vs. Bad debt

## **Good Debt:**

Borrowing money to pay for things that can grow in value or improve your financial future, like education, a home, or a business.

## **Bad Debt:**

Borrowing money for things that lose value quickly or don't help you financially, like expensive clothes or gadgets.



# Interest Rates

The cost for borrowing money (expressed as a %), it can work FOR you in investments, as well as AGAINST you in debt

Compound Interest: Interest gaining interest over time.