

## Debt: The Good, The Bad, and What You Need to Know

Not all debt is created equal. Some can help you build wealth, while others can drain your finances. Understanding the difference is key to smart money management.

### Good Debt

**Examples:**

- Mortgage
- Student loans
- Business loans



**Why it's good:**

- Helps you acquire appreciating assets (home, education)
- Often comes with lower interest rates
- Can improve long-term financial position



### Bad Debt

**Examples:**

- Credit card debt
- Payday loans



**Why it's bad:**

- High interest rates (often 20%+)
- Used for consumables, not investments
- Can spiral into long-term financial stress



### Quick Tips to Stay Ahead

- Borrow for things that grow in value
- Avoid debt for short-term wants
- Keep credit utilization under 30%
- Build an emergency fund to reduce reliance on credit