

Till Debt Due Us Part WHY PLAY?

When it comes to debt the biggest expense is the cost of the of the borrowed funds. The expense is expressed as interest on the loan and once it accrues that cost or fee is money paid out and down the tubes forever.

In many cases you will be paying interest on the goods and products that are purchased and for services provided. This may show up in your life as credit card debt, automobile loans, school loans, and a purchase money mortgage.

The list goes on with so hundreds of ways to make purchasing appear easy. No money down, or other tricks such as no interest for a teaser period. These debts can be an albatross on our back as the fees pile up and continue growing. How to dig ourselves out of debt and pay down the costs involved with that load is the thesis of the following games. Nowadays, interest expense can be a very hefty burden especially when the annual interest rate is in double digits.

That doesn't mean that all borrowed money or other liabilities are a bad decision. It depends on what you purchase and how that will affect your life or future equity. A car may be the answer in seeking better employment which may require transportation. Your schooling may provide a career path forward to higher income. Most importantly, borrowing to purchase a home might be

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the only way to seal the deal which may create future equity. In those cases, borrowing can be an excellent choice. However, you must become familiar with all the terms of the terms and how that payback is being credited.

On the other side of the coin is going into debt for a purchase whereby that asset may go down in value or depreciate. Even worse perceived assets can become liabilities and become outdated and lose their value significantly. This may lead to negative equity and that is sometimes referred to as “being upside down”

In smart cases equity may grow if an asset goes UP in value and the debt owing is reduced or “Amortized” This means you owe you owe less and less as the debt is chunked down.

So how fast does this debt go down? How much is applied to the principal reduction? What is the new value of the asset after 1 year or 3 years. And how does that effect my equity on my balance sheet?

The following games are designed for you to master these questions and come up with the answer in an easy-to-understand way using basic middle school math. If you have a financial calculator or complete the equation by hand, the answer will become second nature.