| True Cost of Credit Calculator

(Complement to Maria Scenario in Mid-Career section)

Why This Tool Matters

Maria believed she was managing her credit because she was making minimum payments. However, over time, interest caused her debt to grow, increasing both the repayment period and total cost.

Step 1: Enter Your Credit Details

Description Your Data

Total Debt (€) _____

Interest Rate (%) _____

Minimum Payment (€) _____

Additional Payment You Could Make (€) _____

Step 2: Understand Monthly Interest:

Use this simple formula:

Monthly Interest = (Debt × Interest Rate) ÷ 12

Example:

€2,000 × 18% ÷ 12 = €30/month interest

Your Calculation:

Monthly interest: €_____

Monthly payment: €_____

How much of your payment actually reduces your debt?

→ €_____

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Step 3: Compare Repayment Scenarios

Scenario A: Minimum Payment

Element	Result
Monthly Payment	€_____
Interest Paid per Month	€_____
Debt Reduction per Month	€_____
Estimated Time to Repay	_____ months
Total Amount Paid	€_____
Total Interest Paid	€_____

Scenario B: Increased Payment

Element	Result
Monthly Payment	€_____
Interest Paid per Month	€_____
Debt Reduction per Month	€_____
Estimated Time to Repay	_____ months
Total Amount Paid	€_____
Total Interest Paid	€_____

Step 4: Visual Impact Comparison

Comparison	Difference
Time Saved	_____ months
Money Saved	€_____

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Comparison	Difference
Interest Reduced	€_____

Key Learning Insight

When you pay only the minimum:

- Most of your payment goes to interest
- Your debt reduces very slowly
- You pay much more over time

Even a small increase in payments:

- reduces interest significantly
- shortens repayment time
- increases financial control

Step 5: Behavioural Reflection

- Was Maria's situation similar to yours?
- Did she think she was "managing" her debt? Why?
- What mistake did she make?

Step 6: Personal Reflection

- What surprised you most about your results?
- Are you currently paying mostly interest or reducing debt?
- What is one change you can realistically make this month**?**

Step 7: Action Decision

Based on your results:

☐ **I will increase my monthly payment.**

☐ **I will prioritise this debt.**

☐ **I will review my full financial situation.**

☐ **I will seek advice/support.**

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