Checking Accounts

- More focused on providing easy access to funds
- Have little to no interest rates

Savings Accounts

- Tend to offer higher interest rates than checking accounts.
- Designed to help grow your money over time, often earning higher interest
- Ex. If you deposit $500 dollars in a savings account, with an interest rate of 15%, you will earn:
  - $500 * 0.05 = 25 dollars

Joint Accounts

- A bank account that is shared by two or more people, where all account holders have equal access to the account and can manage funds
- can be opened by any two people, not just married couples.

Credit Cards

- A card that allows you to borrow money from the bank.
- Help build your credit history because they show lenders how you manage debt
- Ex. If you carry a balance of $800 on your credit card with an annual interest rate of 15%, you will calculate the monthly interest by:
    - Monthly interest rate = 15% / 12 = 1.25%
    - Monthly interest = 0.0125 * 800 = $10

Debit Cards

- A card that is linked to your checking account and uses your own money to make purchases

Credit Score

- A number that determines how good you are managing your money, especially when it comes to borrowing and paying back loans
- It is based on factors like your payment history, amount of debt, length of credit history, types of credit used, and recent credit inquiries, not on your income or job history.
- Ranges from 300 (poor) to 850 (excellent)
- Having a high credit score can help you qualify for loans with better interest rates, a higher credit limit, and higher loan approvals
- Late payments or actions like defaulting on a loan can negatively impact your credit score because they show you are not managing credit responsibly. (While timely payments improve it)

Credit History

- Used by lenders to gauge your financial trustworthiness to determine loan approvals, interest rates, credit limits, and renting a home

Credit Utilization

- Calculated as the balance used divided by the credit limit.
- Ex. If your credit limit is $10,000 dollars and you spend $2,500, your credit utilization is:
    - $2500 / $10,000 = 0.25 = 25%

Loans

- An amount of money that one party lends to another party with the agreement that the borrower will repay the amount with interest over a set period of time
- The formula for calculating monthly loan payment is given by the formula:

$$M = \frac{P * r * (1+r)^{n}}{(1+r)^{n} - 1}$$

- $P = principal\ loan\ amount$
- $r = monthly\ interest\ rate$
- $n = total\ \#\ of\ payments\ made$

Secured Loans

- Loans that are backed by collateral, meaning that the borrower, such as a house or car, offers an asset as security for the loan.
- If the borrower fails to repay the loan, the lender has the right to seize the collateral to recover the money owed

Unsecured Loans

- Loans that do not have collateral to back the loan

Mortgage

- A loan used to purchase only a home or property, where the property itself serves as collateral

Auto Loan

- A loan used to purchase cars

Certificate of Deposit

- A time deposit offered by banks that requires you to lock your money in the account for a specified term (e.g., 1 year, 5 years) in exchange for a fixed interest rate.
- Ex. If you invest $1000 in a CD for 5 years at an annual rate of 7 %, the total amount in your CD can be calculated using:
    - $1000 * 0.07 * 5 years = $500 (amount gained)
    - $500 + $1000 = $1500 (CD total)