

Calculating Interest Rates:

It is important to keep in mind that the amount you ultimately pay on a loan may be very different from the base amount, depending on the interest rate attached to the loan. Below are three examples of \$10,000 loans with different interest rates. Notice how a slight increase in the rate of interest leads to a very different loan amount.

Interest rate	Potential annual loan interest	Actual total interest	Actual total loan and interest
9.0%	\$900.00	\$4500.00	\$14,500.00
12.0%	\$1200.00	\$6000.00	\$16,000.00
15.0%	\$1500.00	\$7500.00	\$17,500.00

To get an accurate calculation of interest rates on your loan, visit:

<https://www.bankrate.com/calculators/mortgages/loan-calculator.aspx>

Before taking out a loan, ask yourself these questions:

- Do I really need this now? Is this something that can wait while I save more money?
- What will the payments be? Are they affordable now?
- How long will it take me to pay the loan off?
- If my income drops or I have an unexpected financial emergency, will I still be able to make the payments?
- How much money will I have left after payments for my other bills?⁸⁵

⁸⁵ Original material from Peerlink National Technical Assistance Center.