



Fee-Only Investment Advisory And Financial Planning

David M. Taube in Washington Post's "Ask the Experts" Column

ASK THE EXPERTS

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What's the secret to a good personal credit rating?

The money you can save with a good credit rating through reduced interest payments is tremendous. Suppose you have a \$400,000, 30-year home mortgage with an interest rate of 6 percent, versus 8 percent for someone with bad credit. Your monthly payment is \$537 lower, for savings of approximately \$193,000 over the life of the mortgage. If the \$537 was invested monthly with a hypothetical 8 percent annual rate of return, at the end of 30 years, you would have a bit more than \$800,000!



Consumers should view debt in terms of "good" and "bad." Interest payments associated with "good" debt such as mortgages are deductible from income for tax purposes, whereas interest for bad debt such as credit cards and auto loans is not.

Keys to a good personal credit rating are timely payments and having total consumer debt balances comprising a small percentage of your overall credit limit.

For further information or to schedule a complimentary consultation, please contact:

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