



COMMON MYTHS ABOUT DEBT



**MISCONCEPTIONS THAT KEEP PEOPLE
STUCK.**



Here are some common myths about debt that often keep people financially stuck:

1. "ALL DEBT IS BAD"



Reality: *Not all debt is harmful.*

Productive debt (e.g., home loans, student loans, or business loans) can help build wealth, while consumer debt (e.g., credit card debt) can be dangerous if mismanaged.



2. "YOU SHOULD NEVER USE CREDIT CARDS"

Reality: Credit cards can be useful tools if paid in full each month. They help build credit history, offer rewards, and provide fraud protection. The problem arises when people carry balances and pay high-interest rates. →



3. "I NEED TO CARRY A BALANCE TO BUILD CREDIT"

Reality: You don't need to carry a balance to improve your credit score. Paying your bill in full and on time each month is what matters.





4. "MINIMUM PAYMENTS ARE ENOUGH"

Reality: Making only minimum payments on loans or credit cards keeps you in debt longer and results in massive interest costs. Paying extra reduces principal faster.





5. "DEBT CONSOLIDATION ELIMINATES DEBT"

Reality: Consolidating debt doesn't erase it—it just restructures it. Without a change in spending habits, people often end up deeper in debt.





6. "BANKRUPTCY ERASES ALL DEBT"

Reality: Bankruptcy can eliminate some debts, but not all (e.g., student loans, tax debt). It also severely damages credit for years.



7. "INVESTING WHILE IN DEBT IS ALWAYS A BAD IDEA"

Reality: *If your debt has low interest rates (e.g., a mortgage), investing can be smarter than aggressively paying it off. But for high-interest debt (e.g., credit cards), paying it off first is the priority.*





8. "MORE INCOME WILL SOLVE MY DEBT PROBLEM"

Reality: Earning more helps, but if spending habits remain poor, debt will continue to grow.



Budgeting and financial discipline are more important than just increasing income.



9. "A HIGH CREDIT SCORE MEANS FINANCIAL SUCCESS"

Reality: A high credit score only means you manage debt well—
not that you're wealthy or
financially secure. Net worth
matters more than credit score.





10. "I'LL ALWAYS HAVE DEBT, SO WHY BOTHER PAYING IT OFF?"

Reality: Debt is not a life requirement. Many people live debt-free through smart financial habits, budgeting, and discipline. The sooner you eliminate debt, the more financial freedom you gain.

Breaking free from these myths is key to taking control of your finances! 🚀