You can **LIVE BETTER** than others with a little bit of economic understanding!

Let’s start with the most basic thing you need to know. What’s your credit score?

* It matters
* It matters a lot
* You need to care

No matter where your credit score is now you can make it more beneficial.

Those of us who aren’t already millionaires end up doing one of three things.

1. Apply for credit when we need it for basics, a car, or a house
2. Apply for credit to get a “reward”
3. Plan to only pay cash and not buy what you can’t afford.

Even if we only pay cash, we aren’t taking decisive action to ensure that our credit does all it can for us. Even if we rent, because we can’t buy, we are essentially buying for the person from whom we rent. We are paying the same amount to make them rich when it could be us. We’ll go into that later. For now, let’s look at what the number means to you:

An excellent credit score can get you a credit card with an APR of 7.75%, whereas a fair credit score may have you carrying an APR of 26.99%. Let’s assume you do better than the average household and only carry a $10,000 credit balance. (The average household carries $16,000 plus.)

* The person with average credit pays $225 a month in interest.
* The person with excellent credit pays $62.50 a month on the same debt.

Now, let’s look at a car payment:

If you have an average credit score your rate could be around 8.34%. If you have excellent credit, your rate could be as low as 1.99%. If you have purchased a $20,000 car (which most will cost more):

* The average credit rating is paying $491 for 48 months
* The person with excellent credit is paying $433 for the same car for the same amount of time

Let’s look at a home. The median home price in the US is, at the time that this is being written, close to $315,000, but let’s say you find a safe place where the cost of living is less and only spend $200,000:

* With fair credit your rate could be 5.213% which would put your 30-year fixed loan payment at $1100 per month
* With excellent credit your rate could be 3.49% giving you a payment of $898 per month.

Now we’ll do some simple math:

* The person with fair/average credit is paying $225 per month in credit card interest, $491 per month for a car, and $1100 per month in home loan payments for a total of $1,816
* The person with excellent credit is paying $62.50 in credit interest, $433 for their car, and $898 for their home payments for a total of $1393.50.
	+ Average credit payments of $1816 per month minus excellent credit payments of $1393.50 per month equals $422.50

This is assuming you are making better than average decisions. You have significantly less credit card debt than the average person. You bought a modest car compared to most, and you spent significantly less on your home than normal. Even while making these wiser decisions the person who did a couple of simple things to ensure that their number was good has **$422.50 per month more** available to them, and this is essentially **for their entire life**. If your decisions have been a little less wise, you are likely spending far more on interest alone and so getting your credit score right would save you significantly more. With and extra $422.50 per month:

* Two People could fly to **Paris** for **2 weeks** and stay in a **5STAR** hotel, **EVERY YEAR**.
* Two People could spend **3 weeks in Paris** in a **4STAR** hotel, **EVERY YEAR.**
* Two People could spend July 4th in the United States, then fly to **Paris** on the 6th and spend the **rest of July** there in a **4STAR** accommodations, **EVERY YEAR**.
* Two People could spend **over a month** on a **Greek island** with a view of the Mediterranean in a **4STAR** hotel, **EVERY YEAR**.

If you apply this one economic concept, all of a sudden, your life improves drastically and you are living rich, at least you are compared to those who did not!