



*“This book is probably the best book on financial planning in existence today! It takes the theory of finance and makes it easy to understand and follow with achievable results.”*

George O. Ogum, Ph.D.  
PROFESSOR OF FINANCE  
LA SIERRA UNIVERSITY



Personal Finance Category

fax 888.858.4221  
info@80ProvenWays.com  
[www.80ProvenWays.com](http://www.80ProvenWays.com)

## Credit Card Debt is Compounding Interest in Reverse!

When you borrow money, compounding works against you. It takes more of your money, sometimes far more than the amount you initially borrowed. When you carry a balance, interest is charged on already—accrued interest.

Credit card companies want you to go into debt—it makes them wealthy. In fact, they will entice you to spend more and more with “free” gifts and rewards. The credit card companies are good—very good—at having people spend beyond their means. In 1996 the average U.S. household had \$5,875 in credit card debt. Just ten years later, in 2006, it was almost \$10,000.

That monthly balance is their bread and butter-how they make their profit—from your hard earned money.

Have you ever noticed, perhaps this last Christmas, how easy it was to spend more than you planned? Were you surprised, even shocked, when the credit card bills arrived in January? When you aren’t conscious of the money you spend (not actually handling the cash) you will spend more than you can pay off in a month so the card carries a balance.

Let me show you how this works and why the credit card companies LOVE for you to owe them money—aka “to be in debt.”

- \$10,000 debt on a credit card (with no more charges added to the balance),
- \$200 monthly payment,
- 20% APR (annual percentage interest rate),
- 108.4 months until debt is gone—over 9 years to pay it off!
- The credit card company will make \$11,679.80 in interest!

What would happen to your personal finances and the wealth creation for you and your family if you were to pay yourself first and invested that \$200 per month over the next nine years? It doesn’t seem like a lot of money, and yet with compounding it adds up.

For example, begin with a zero balance and add \$200 a month for nine years. That means each year you will contribute \$2,400—\$21,600 total. At the end of the nine years, at 10% compounded annually, you will have \$34,330. If you leave the \$34,330 alone and keep the money compounding for an additional 11 years (20 years total) the \$21,600 would be worth \$97,862!

So I enjoy looking at possibilities—what if you were to continue to add \$200 per month for the 11 years? (You will contribute \$48,000 for the 20 years.) That \$48,000 would be worth \$144,797.

Even though I’ve had an average annual return of 15% for the past 50 years, I used 10% compounded annually because it’s “more believable.” However, let me expand your mind a bit. \$200/month at 15% for 9 years is \$43,489; for 20 years it’s \$264,415.

You will have a great start to become a millionaire if your money is compounding and working for you—rather than for the credit card company.

**Practice Wealth Creation for you and your family.**

- Stop using credit cards—choose to live within your means.
- Use debit cards—then it’s your money you’re spending.
- Better yet, pay with cash—you know the green stuff!
- Focus on quickly paying your credit card(s) off—yes it can be done.
- Start NOW—you may end up with hundreds or maybe even thousands of dollars in YOUR bank account by the end of the year.

That’s right, hundreds or even thousands of dollars in your bank account. Isn’t it time you choose to pay yourself? I firmly believe that

*Wealth is a Matter of Choice—Yours Alone.  
Choose today to become a millionaire, to focus on your wealth creation,  
to create a life you love for you and your loved ones.*

PLEASE NOTE: These calculations are from interactive online calculators and are not intended to provide investment advice. Taxes and inflation were not considered for obvious reasons.

.....

Paul Damazo

*80 Proven Ways to Become a Millionaire* was published in May 2007. It is an Award-Winning Finalist in Personal Finance category of the National Best Books 2007 Awards by USA Book News. Included are Paul’s proven investment strategies that earned him an annual average return of 15% or more for the past 50 years. Flip to any easy-to-glean page and find neatly divided charts, actual results, and action lists that can be implemented today. It is a “brain dump” of what he taught for over 20 years at his Wealth Creation and Wealth Preservation seminars. He loves to help people, especially young people, to have a more rewarding, happy life as they make better financial decisions. He wants to improve the financial literacy of each person in this country.

[www.80ProvenWays.com](http://www.80ProvenWays.com)