



# How to make a borrowing decision

If you've determined you need to borrow money, take the following factors into consideration, and answer these questions to help make your choice.



## Debt Type

**The reason you need the cash will guide what type of loan you should get:**

- What do I need this money for?
- Is it a large, once-off amount or for smaller, more frequent amounts?
- Do I need a credit card or a loan?
- Is it secured or unsecured lending?

## Cost of borrowing

**Determine how much it will cost you to access this money:**

- What is the interest rate I will be charged?
- How will it impact my monthly budget?
- Can I afford this extra expense?
- Are there any additional fees?
- What are they, and are they negotiable?



## Terms of borrowing

**Understand what you're in for and what's expected of you:**

- When are my payments due?
- Over what time period will I be paying this amount?
- Is there a grace period?
- What are the penalties or restrictions?

## The effect on my credit

**Borrowing money can help or hurt your credit score:**

- What is my creditworthiness?
- Can I get preapproved?
- How will it affect my credit score if my application is rejected?

