



Know the True Cost of Your Loan

Loans are useful to help finance a major purchase or expense – but it’s important to understand how different terms can affect the overall cost.

**Let’s say you need a \$20,000 loan.
How much will you end up paying?**



Interest Adds Up

**Smaller interest rate,
lower overall cost**

Total cost for a **\$20,000**
loan paid off over
60 months:

5% interest = \$22,645.48

7% interest = \$23,761.44

11% interest = \$26,090.91



Term Length Matters

**Shorter term length,
long-term savings**

Total cost for a **\$20,000**
loan at **5% interest**,
compounded monthly:

48 months = \$22,108.12

60 months = \$22,645.48

72 months = \$23,191.10

Remember: A shorter term can mean higher monthly payments, so make sure the option you choose fits your spending plan. Just don’t forget to read the fine print to stay aware of any hidden fees!

While specifics depend on needs and qualifications, understanding the [true cost of your loan](#) – and lessening it when possible – can support your overall financial well-being.

Did You Know?

Your qualifying interest rate often depends on your [credit score](#).



As you reach new milestones and complete [service-required trainings](#), look to the [Office of Financial Readiness](#) for more information and follow

@DoDFINRED on    