

## Credit Score Case Study: Librarian

Your second appointment of the day is with a librarian who has a more complicated financial situation. Their goals are to decrease consumer debt and increase their credit score over a relatively short time frame. Ultimately, they want to leave their part-time library role in two years with an improved credit score and no debt.

Here is some additional background information about the librarian:

- currently working 20 hours a week at the library making \$18.00 per hour
- have not maintained a budget and unsure of where they are spending money
- have three credit cards, co-signed by their parents, and a total of \$5,200.00 in debt
- paying the minimum \$34.00 off the credit card every month with an annual interest rate of 20.4%
- hoping to get a second part-time job at the local grocery store that will pay \$14.25 per hour, and willing to work an extra 20 hours a week

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1. The librarian starts to work 20 hours a week at the grocery store and continues working 20 hours a week at the library. Calculate what the monthly payment on their credit cards would need to be so that they can be debt-free in two years. Remember to consider the interest charged on the outstanding balance every month.
2. What percentage of their monthly earnings will be used to pay off their credit card balance?