



# How the Pay Day Loan Debt Trap Works



Mary earns \$15.00/hour assisting in our public schools  
 She has two elementary school children  
 She has gross pay of \$1,200 every two weeks (\$31,200/yr)  
 After employment taxes and withholding, her take home pay is about \$950 every two weeks  
 Her rent/utilities & car payment are \$650 every two weeks

## February

Mary has to get her car repaired for \$650 to go to work  
 She takes \$350 from current pay/savings  
 and goes to a nearby Pay Day Lender for \$300

2/1/2017	Mary receives \$300 from Pay Day Lender and writes a check for \$353 dated Feb 15	<b>Cost to Mary</b>	<b>How she pays</b>
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2/15/2017	Mary returns because she can't pay full \$353 owed She pays \$53 in fees so Pay Day Lender won't cash her \$353 check	\$	53.00	cash
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2/28/2017	Mary can't pay full \$353, so pays \$53 in fees instead	\$	53.00	cash
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## March

3/15/2017	Mary can't pay full \$353, so pays \$53 in fees instead	\$	53.00	cash
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3/30/2017	Mary can't pay full \$353, so pays \$53 in fees instead	\$	53.00	cash
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## April

4/15/2017	Mary can't pay full \$353, so pays \$53 in fees instead	\$	53.00	cash
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4/30/2017	Mary can't pay full \$353, so pays \$53 in fees instead	\$	53.00	cash
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## May

5/15/2017	Mary can't pay full \$353, so pays \$53 in fees instead	\$	53.00	cash
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5/30/2017	Mary can't pay full \$353, so pays \$53 in fees instead	\$	53.00	cash
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## June

6/15/2017	Mary can't pay full \$353, so pays \$53 in fees instead	\$	53.00	cash
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6/30/2017	Mary works extra hours in a summer program so she now has extra money to pay back her \$300 loan and \$53 interest fee for the last 2 weeks	\$	353.00	PDL cashes ck
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<b>Total cost to Mary for borrowing \$300 for 5 months</b>	<b>\$</b>	<b>530.00</b>	<b>in interest/fees</b>
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Total loan amount repaid to Pay Day Lender after 5 months	\$	300.00	loan principal
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<b>Total Repaid</b>	<b>\$</b>	<b>830.00</b>	
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