



**Education.** In general, the more education an individual has, the greater their earning potential. Education also has a positive correlation with the ability to find employment.



**Owning a business.** Money that is borrowed to start a business can also come under the heading of good debt. If the business is successful, then profit will be made.



**Owning a home.** This often involves taking out a loan, referred to as mortgage, to buy a home. Owning a home can give people a sense of safety and security.



**Cars.** While some people may find it impossible to live without a car, borrowing money to buy one isn't a great idea from a financial perspective. By the time a car leaves the car lot, the vehicle already is worth less than the price it was bought for. If money needs to be borrowed to buy a car, then look for a loan with low or no interest.



**Clothes and consumables.** It's often said that clothes are worth less than half of what consumers pay for them. Of course you need clothes—and food, and furniture, and all kinds of other things—but borrowing to buy them by using a high-interest credit card or other options isn't a good use of debt.