



Debt Payoff Strategies

Reclaiming Control of Your Money



General Tips & Strategies

Conquering your debt starts with small steps towards financial freedom:

- Use part of your tax refund to payoff some of your debts
- Limit purchases to what you can afford in cash
- Find ways to increase your income
- Create a budget to find ways to reduce your monthly expenses

Avalanche Method

Pay off debt with the highest interest rate *first* while continuing to make minimum payments on each of your other outstanding debts.

Pro: Pay off debt faster and pay less interest over the life of the loan

Con: Results may take longer when paying higher principal debt

Snowball Method

Pay off debt with lower principal balances *first* while continuing to make minimum payments on each of your other outstanding debts

Pro: Easier to see progress and builds momentum and motivation

Con: Interest will continue to grow on larger principal debt

Debt Management Plans

Consolidating your credit card debt can help you better manage your monthly payments.

Pro: may reduce your interest rate, improve credit score, and help you payoff your debt more quickly!

Con: Certain loans relating to student loan, medical, or tax debts may be excluded

Facts and Figures

Do you feel like your debt is placing a *HUGE* burden on your life? Millions of Americans are struggling to pay off loans and credit card debt. Here are some facts and figures you may not know:

- Total U.S. Consumer Debt = **\$16.51 Trillion**
- 37% of Americans have revolving credit card debt.
- 72% of Americans are burdened by debt.
- Mortgage debt is the largest outstanding debt

Thankfully, you are NOT alone!

There are plenty of resources to help you conquer your debt and reclaim control over your finances!

Counseling

Before taking out a loan or new line of credit, its important to consult with a financial counselor or experienced family member who can help you consider all options and implications of taking on new debt. Here are some good points to consider:

- Think of debt as a *marathon*, not a sprint.
- Look for loans with low interest rates.
- Prioritize paying off debts which would cause harm to you or your family if not paid off in a timely manner.
- Create a budget and stick to it!

Plans to Avoid

Debt Settlement Plans

Although debt settlement plans claim to offer financial relief, borrowers are often encouraged to cease debt payment while third-party companies negotiate to reduce their debt. Not only does this severely damage your credit score, but third-party negotiators will still charge you fees even if their debt settlement is unsuccessful.

Debt Consolidation

Debt consolidation promises to simplify your outstanding debt. However, consolidated loans typically charge higher interest rates which make your financial situation worse.