Strategies for
DEBT REPAYMENT

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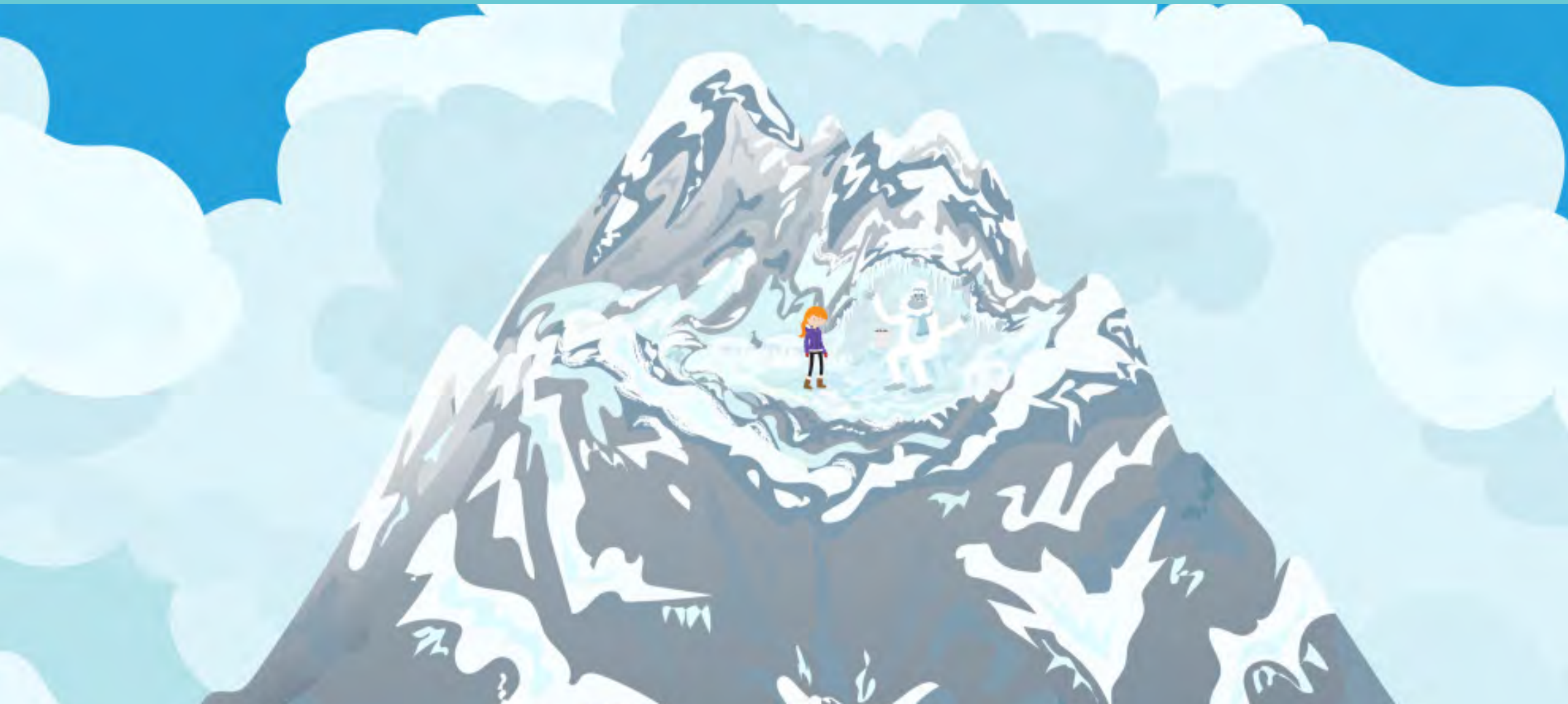
THE MOUNTAIN OF DEBT



Debt is **stressful**, it's **expensive** and it **limits the amount of money** you can put toward your life goals

BUILD YOUR DEBT REPAYMENT PLAN

- Get organized
- Choose a strategy
- Follow a monthly plan

GET ORGANIZED

Make a list of all of your debts

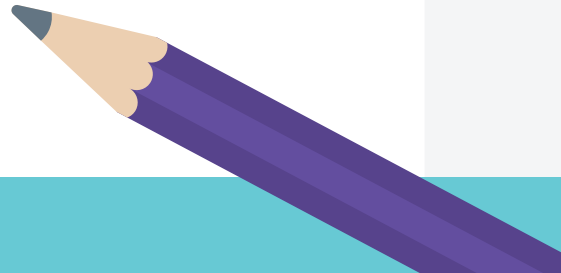
CREDIT CARDS

MEDICAL BILLS

STUDENT LOANS

AUTO LOANS

MORTGAGE



GET ORGANIZED

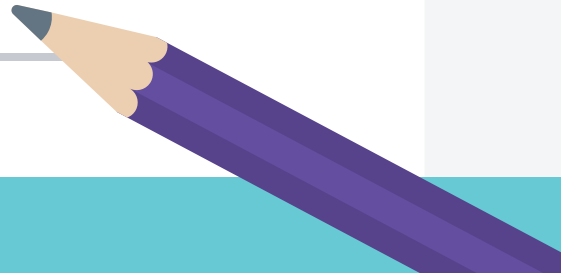
For each debt, write down:

DEBT: _____

BALANCE: _____

INTEREST RATE: _____

MINIMUM PAYMENT: _____



GET ORGANIZED

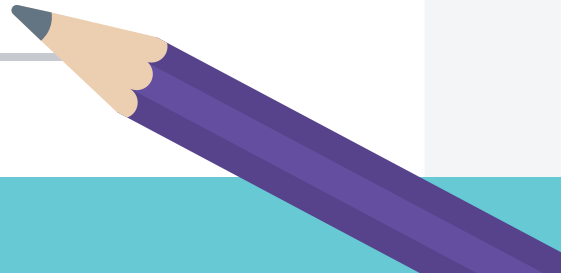
For example:

DEBT: Gold Rewards Credit Card Debt

BALANCE: $1,400

INTEREST RATE: 19.05%

MINIMUM PAYMENT: $30/month



Choose your

STRATEGY

The strategy you choose will affect the order in which you pay off your debts

THE SNOWBALL METHOD

HOW IT WORKS

Debts are arranged and paid off from smallest balance to largest balance—small debts are quickly crossed off your list, which can give you a confidence boost

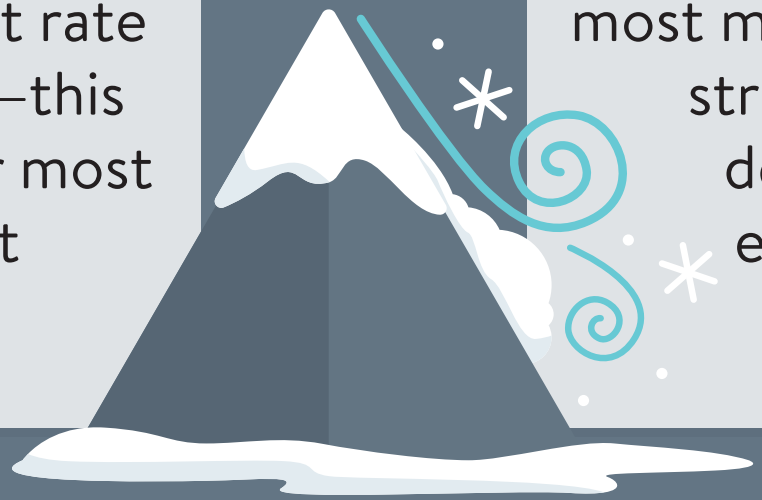
WHO IT'S FOR

This strategy is ideal for beginners or for those who rely on visible progress in order to feel motivated

THE AVALANCHE METHOD

HOW IT WORKS

Debts are arranged and paid off from highest interest rate to lowest interest rate—this strategy eliminates your most expensive debt first



WHO IT'S FOR

Those who want to use the most mathematically powerful strategy; those who are determined (your most expensive debt may also have a large balance)

CONSOLIDATION

HOW IT WORKS

A new loan is taken out and the borrowed money is used to pay off all your other debts, leaving you with only one loan to keep track of

WHO IT'S FOR

Those who are having trouble keeping track of all their various debts and repeatedly missing payment due dates as a result

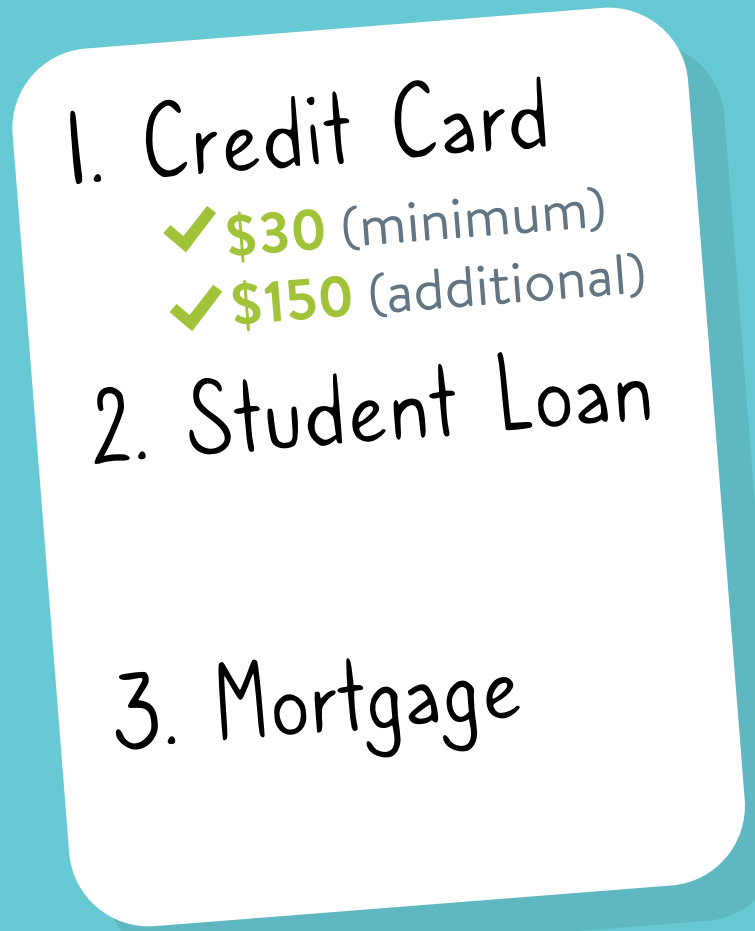
If you don’t know which strategy
is best for you, talk to your credit union
about debt counseling or other resources

Add ’em up

Add up all your minimum payments—you **must** have this total in your monthly budget in order to avoid additional fees

Set a payment

Define an additional amount of money to put toward loan repayment every month—be generous and realistic

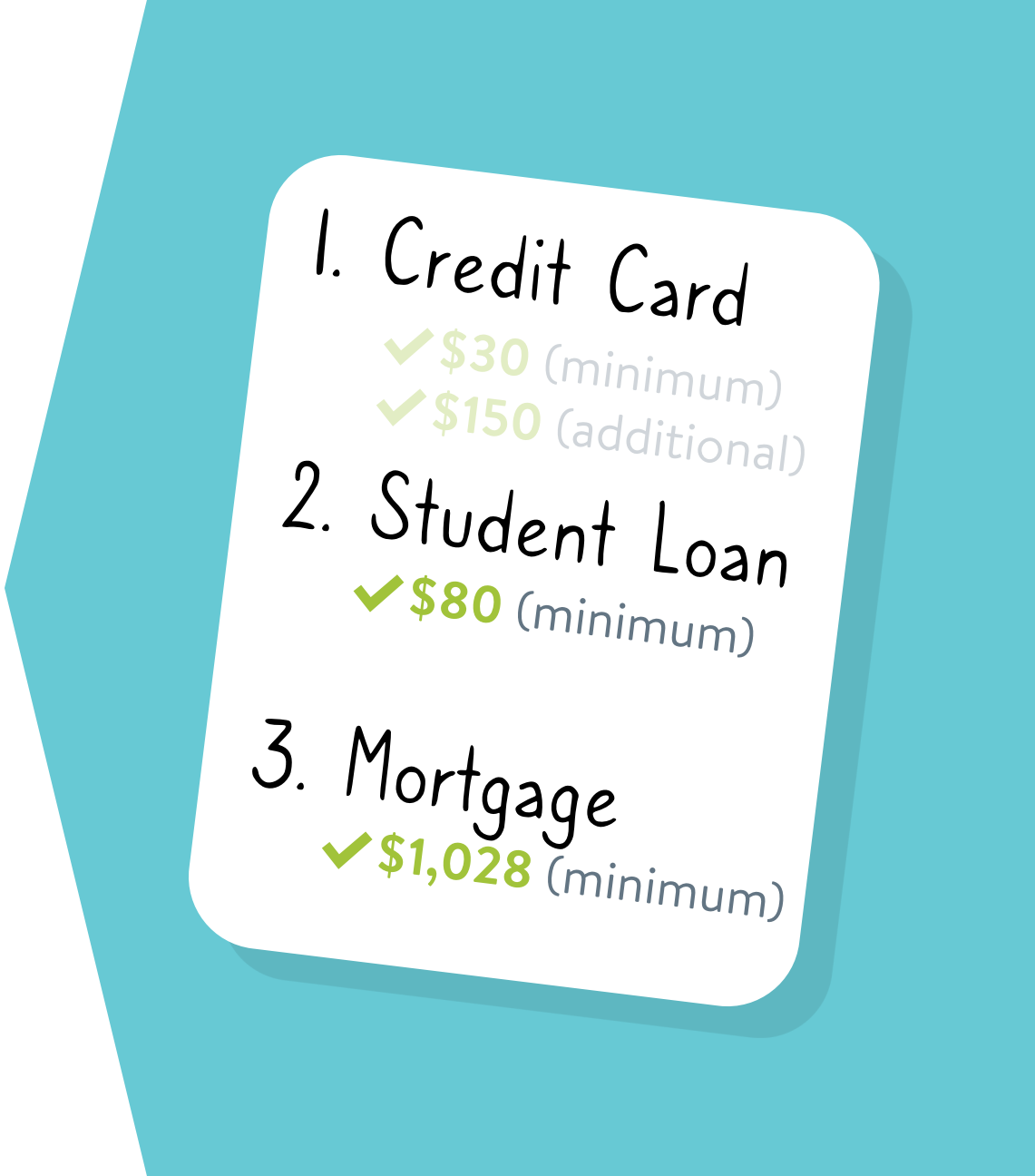


Start at the top

The first debt on your list (this will vary, based on the strategy you chose) will receive its **minimum balance plus the additional funds** you set aside for debt repayment

Make the minimums

The rest of the debts on your list will receive their minimum payments



Increase your payment

When you pay off a debt, cross it off the list and add its minimum payment to the next debt on the list (along with the additional debt repayment funds)

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Sources: Credit Counselling Society, Forbes, Investopedia.com, TheBalance.com, TheSimpleDollar.com