

# *Strategies for* **DEBT REPAYMENT**

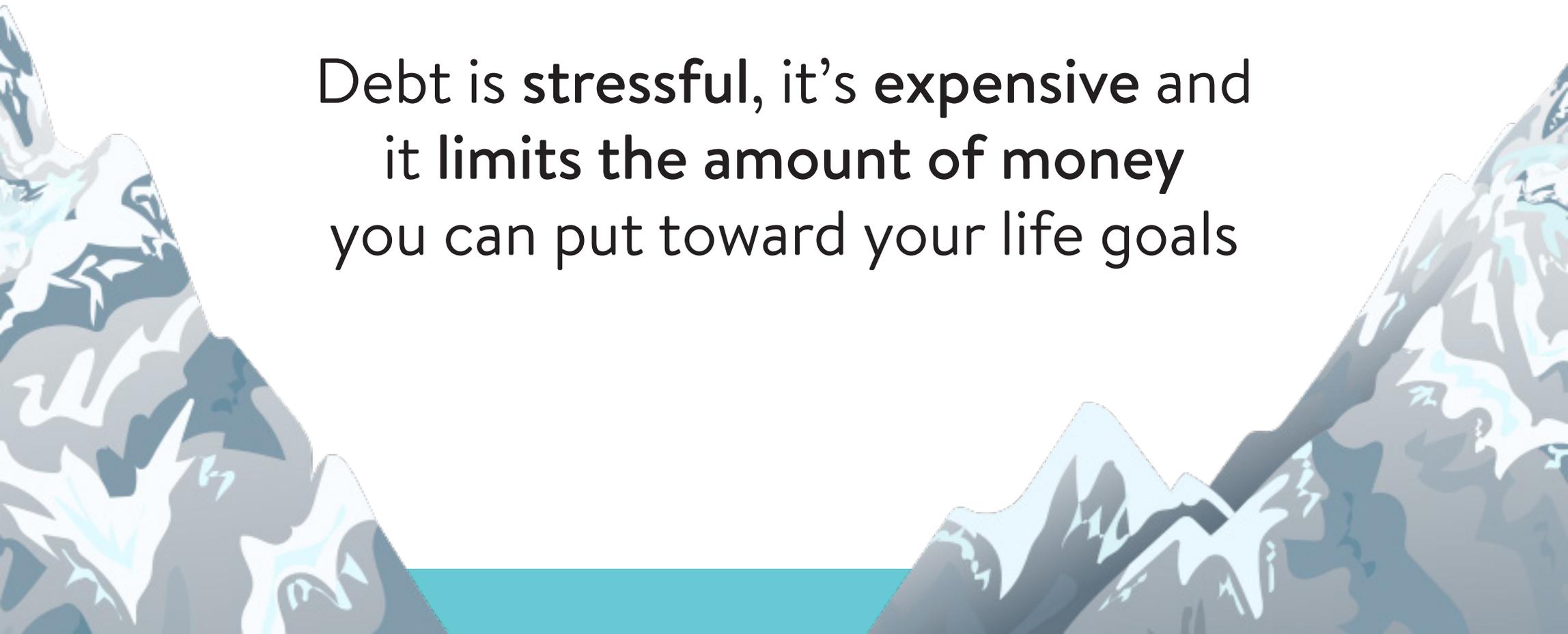
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FINANCIAL

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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
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- A stylized illustration of a mountain range with various shades of blue and grey, positioned at the bottom of the slide. The mountains are jagged and layered, creating a sense of depth. The colors range from light sky blue to dark charcoal grey.

# 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**

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

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# 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

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

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## 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



## 1. Credit Card

✓ \$30 (minimum)

✓ \$150 (additional)

## 2. Student Loan

## 3. Mortgage

## 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

## 1. Credit Card

✓ \$30 (minimum)

✓ \$150 (additional)

## 2. Student Loan

✓ \$80 (minimum)

## 3. Mortgage

✓ \$1,028 (minimum)

1. ~~Credit Card~~

2. Student Loan

✓ \$80 (minimum)

+ \$150 (additional)

+ \$30 (credit card  
minimum)

3. Mortgage

✓ \$1,028 (minimum)

## 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

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