

PAYING OFF *DEBT*

PRESENTED BY:
NUMERICA CREDIT UNION



GETTING OUT OF DEBT



Life is full of twists and turns. Sometimes those experiences result in debt. If this sounds like you, don't worry. You're not alone.

8 in 10 Americans* have debt; mortgages being the most common according to The Pew Trust.

If you've decided to get out of debt, or manage your debt differently, Numerica is here to help.

3 types of debt

1. **Secure** - Mortgage, car, boat, or RV
2. **Unsecured** - Credit cards, student loans, medical bills, or personal loan
3. **Revolving** - credit cards and store cards

GETTING INTO DEBT IS EASY.
GETTING OUT OF DEBT TAKES A PLAN AND CHANGING YOUR SPENDING BEHAVIORS.

HOW WOULD YOU "PLAY" IF YOU NO LONGER HAD TO "PAY"?

If your only monthly payment was your mortgage/rent, how would you feel?

What if you never had to worry about missing a payment?

How else would you use the money that you currently use to pay your debt?

What is your big dream?

TIPS TO PAY OFF DEBT

Create a budget

A budget is your road map to success! A budget makes your money work for you. Find Numerica's budgeting workbook at numericacu.com/budgeting



Stop adding debt

It's hard to get out of debt if you're relying on credit cards or loans to make ends meet. Break that habit by:

- Checking your budget frequently, even daily when starting out, in order to prevent over-spending and to track where your dollars are going
- Removing the temptation by leaving your credit cards at home
- Making your purchase in cash (When the money is gone, the spending must stop.)
- Setting up automatic bills to be paid from your debit card, not your credit card

Name:		Minimum Payment
Balance:		
Credit Card 1	\$400	\$25
Student Loan 1	\$5,500	\$62
Credit Card 2	\$6,600	\$132
Car Payment	\$10,000	\$180
Student Loan 2	\$28,976	\$327

Name:		Minimum Payment
Balance:		
	\$	\$
	\$	\$
	\$	\$
	\$	\$
	\$	\$

TIPS TO PAYING OFF DEBT

CONTINUED



Organize your debt

List each of your debts from smallest to largest. Make sure to include your: credit card(s), personal loan(s), line of credit, family loan(s), car payment(s), medical bill(s), second mortgage, student loan(s), and collections.

Revise your budget

Can you find any “extra” money in your budget? Refocus that cash toward debt repayment each month.

What discretionary expense can you scale down?

How much did you find to reallocate to debt repayment?

Can you add additional income to knock-off more of the debt?

*SACRIFICES TODAY CAN RESULT IN FINANCIAL FREEDOM LATER IN LIFE.
WITH HARD WORK AND DEDICATION, YOU WILL PAY OFF YOUR DEBT IN NO TIME.*

Where can you downsize your budget?

- Cable
- Eating out
- Subscriptions
- Entertainment

Apply extra income to your debt snowball

- Have a yard sale
- Pick up a second job/side hustle

BY PAYING OFF THE SMALLEST DEBT FIRST, YOU ARE CREATING A WIN AND THIS ALLOWS YOU TO SEE THE SNOWBALL START TO BUILD MOMENTUM.



Looking at the sample budget, if you found \$200 a month from your discretionary spending, how quickly could you get out of debt?

Debt 1 Add the \$200 to the \$25 minimum payment for the debt with the smallest balance. This makes your payment \$225 per month. Debt pay off: 2 months

Debt 2 Now, snowball roll that payment to your next smallest debt. \$225 plus the \$62 minimum payment you've been making for a total of \$287 per month. Debt pay off: 22 months

Debt 3 Now we're rolling! Add that \$287 to the \$132 minimum payment on the next debt, making your payment \$419 per month. Debt pay off: 38 months

Debt 4 Take the \$419 and add it to the \$180 bringing your payment to \$599. Debt pay off: 44 months

Debt 5 Finally, take the \$599 and add it to the \$327 making the payment \$926. Debt pay off: 68 months – just over five and a half years.

DEBT PAID OFF IN 68 MONTHS, JUST OVER 5 ½ YEARS!



Apply any extra money (bonus, pay increase, sale of a big item, etc.) directly to your debt snowball. Every extra dollar helps your snowball move faster to get you out of debt.



*REMEMBER THE POWER OF COMPOUND INTEREST!
MAKING 1 EXTRA HOUSE PAYMENT
A YEAR COULD SHAVE 3-5 YEARS
OFF THE LOAN AND THOUSANDS OF
DOLLARS IN INTEREST.*

Free ways to celebrate milestones

- Call your friends & family who have been cheering you on!
- Hike to the top of a hill & scream out your accomplishment!
- Have a dance party!
- Call us! We will cheer for you!

What will you do to celebrate when you pay off a debt?

When you're debt free (YAY!) how will you use that money?