



Harvard
FEDERAL CREDIT UNION

Debt Repayment Strategies

Meet Your Hosts



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Today's Webinar

Reducing Background Noise

We've muted all attendees to help with audio quality.

Using the "Q&A" Feature

Submit questions at any point. Let's test it!

Presentation & Recording

This presentation is being recorded and will be posted on our YouTube channel to re-watch.

Post-Workshop Survey

Take our post-workshop survey and let us know how we did.

Not-For-Profit Banking at Harvard FCU



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Harvard FCU is dedicated to empowering our community at Harvard and beyond. Once a member, always a member, even if you leave your job. When you join membership extends to all family members.



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Learn to Live Your Best Money Life

- ✓ Free Financial Counseling
- ✓ Blogs and Workshops
- ✓ Worksheets and Calculators
- ✓ Short Videos and Online Education Portal

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Step 1

What are your goals?





You are Here

- What do you owe?
- What's your credit score?
- Calculating cost of debt

Calculating the Cost of Your Debt

AMOUNT	APR	TERMS	MONTHLY PAYMENT	TOTAL INTEREST PAID
\$10,000	7.5%	120 MONTHS	\$119	\$4,244
\$5,000	18.0%	60 MONTHS	\$127	\$2,618

TOTAL AMOUNT	MONTHLY PAYMENT	TOTAL INTEREST
\$15,000	\$246	\$6,862

Emergency Fund

Calculate

- 3 months of expenses
- 6 months of expenses

Start Small and Build

- \$50
- \$250



Step 2

Debt Repayment Strategies



Snowball and Avalanche Methods

SNOWBALL

Focuses on smallest amount of debt.

- ✓ Make minimum payments on each debt monthly
- ✓ Make extra payments on the smallest loan
- ✓ When paid off, move to the next smallest loan debt



AVALANCHE

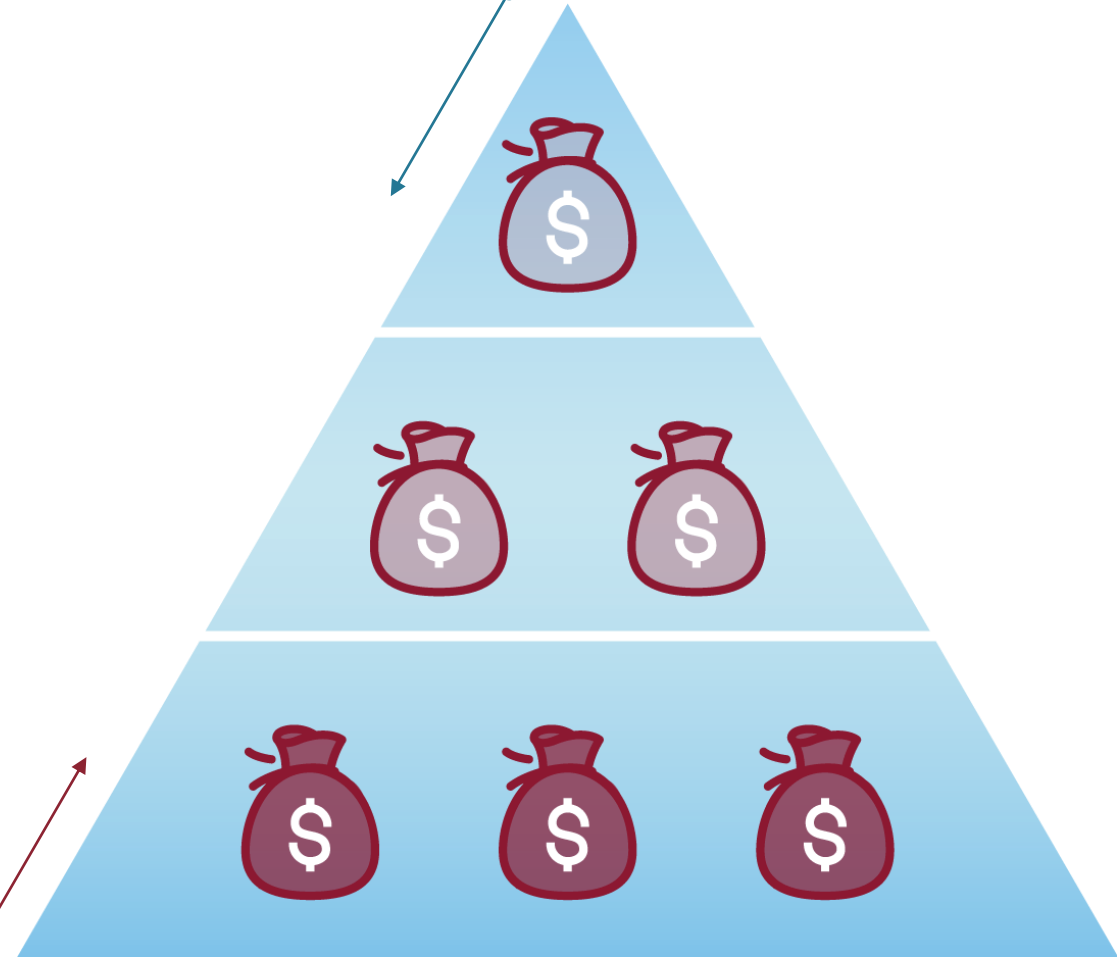
Focuses on highest interest.

- ✓ Make minimum payments on each debt monthly
- ✓ Make extra payments on the highest interest rate loan
- ✓ When paid off, move to the next debt with the highest interest rate.

DEBT SNOWBALL

Focuses on the smallest amount of debt.

START HERE



DEBT AVALANCHE

Focuses on highest interest rate.

START HERE

A Little Goes a Long Way

\$10,000 LOAN AT 7%		
MONTHLY PAYMENT	TOTAL INTEREST PAID	TERMS
\$200	\$1,858	60
\$225	\$1,609	52
\$250	\$1,421	46

Step 3

Know your options.



Talk With Lender



1 **Speak with Decision Maker**

Explain your situation to determine whom can best help you.

2 **Propose New Payment**

Calculate how much you can pay and discuss repayment options with your lender

3 **Ask About**

Interest Rate Reduction, Loan Deferment, Loan Forbearances, Loan Extension and Consolidation

4 **Have a Paper Trail**

Keep notes on your conversations, including names of those you spoke with.



What is Refinancing?

A new loan that pays off your previous loan.

BENEFITS OF REFINANCING

- ✓ Lower interest rate.
- ✓ Extended loan terms, leading to lower monthly payment.
- ✓ Typically, no application fee and no prepayment penalties.

Benefits of Refinancing

\$10,000 LOAN WITH \$200 PAYMENTS FOR 60 MONTHS

INTEREST RATE	MONTHLY PAYMENT	TOTAL INTEREST PAID	TERMS
7%	\$200	\$1,858	60
5%	\$189	\$1,323*	60
5%	\$200	\$1,237*	57

*Does not include prior interest paid on original loan.

What to Consider Before Refinancing

*Some lenders offer interest rate discounts for automatic loan payments.



Interest Rate

Compare interest rate, and whether it is fixed, variable or hybrid.



Benefits

May lose benefits associated with original loans.



Credit Score

A higher credit score may mean lower interest rate.

Look for Lower Rates

Personal Loans

Debt Consolidation Loans

Credit Card Balance Transfers

Refinancing Loans

Mortgage Refinancing

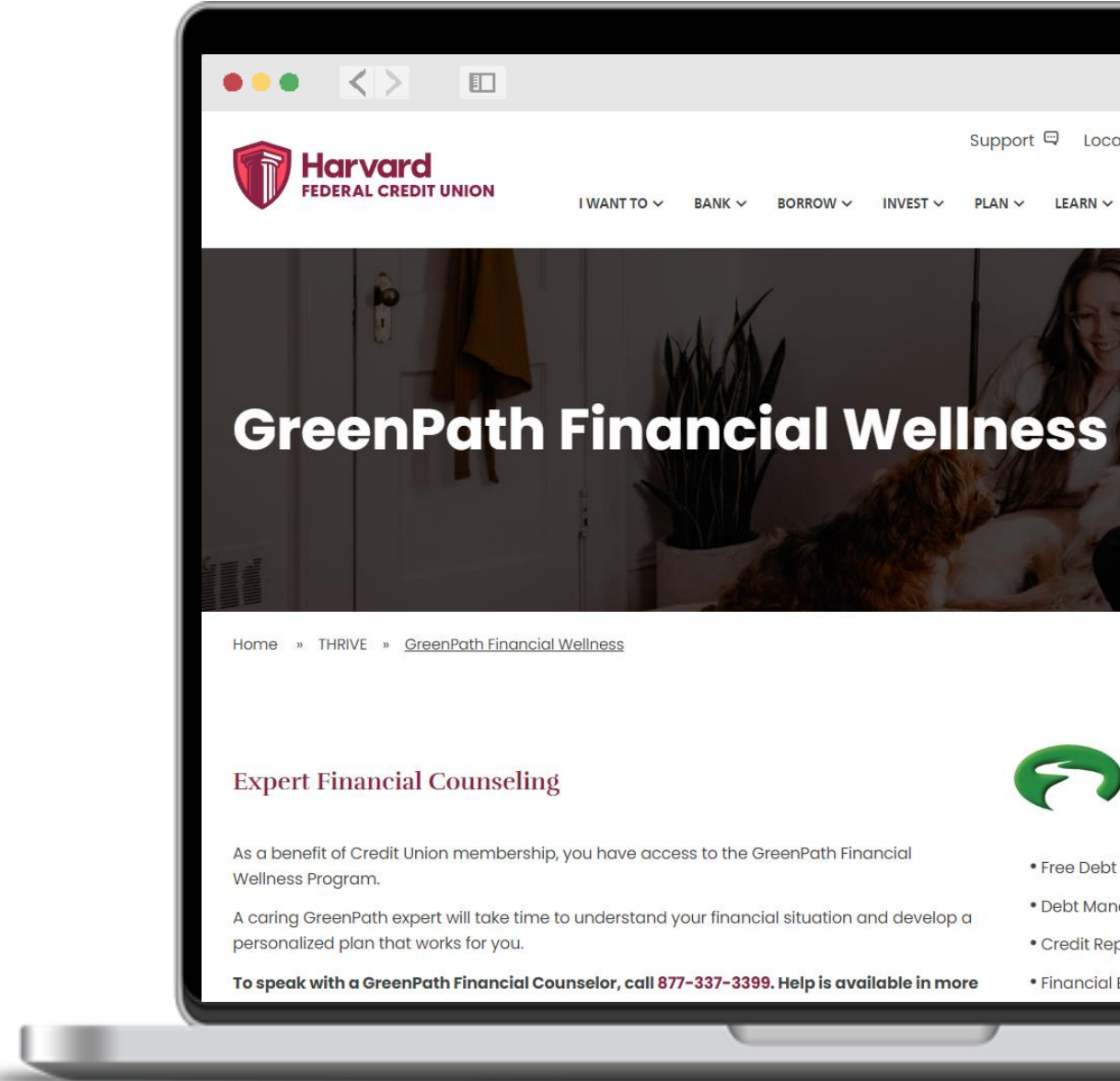
Auto Refinancing

Student Loan Refinancing

GreenPath

GreenPath Financial Wellness offers free credit, budget and housing counseling.

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Debt Management Plan

- ✓ Reduces interest rates on debts
- ✓ Provides financial counseling
- ✓ Cost based off state
(\$75 max monthly in MA)
- ✓ Debt Management Plans are NOT
the same as Debt Settlement



Debt Management Plan By The Numbers

An example of GreenPath Financial Wellness' program. Member is estimated to payoff unsecured debts 40 months sooner and save \$31,960

	CURRENTLY	ON GP PROGRAM	YOUR BENEFITS
INTEREST CHARGES	\$573.13	\$234.22	\$338.91
LATE/OVERLIMIT CHARGES	\$150	\$30.00	\$120.00
SERVICE FEE	\$0.00	\$50.00	(\$50.00)
PRINCIPLE PAYMENT	\$75.87	\$484.76	\$408.91

Next Steps



Stay motivated



Stay informed



Take action

What will you do?

- ✓ Today
- ✓ This week
- ✓ This month

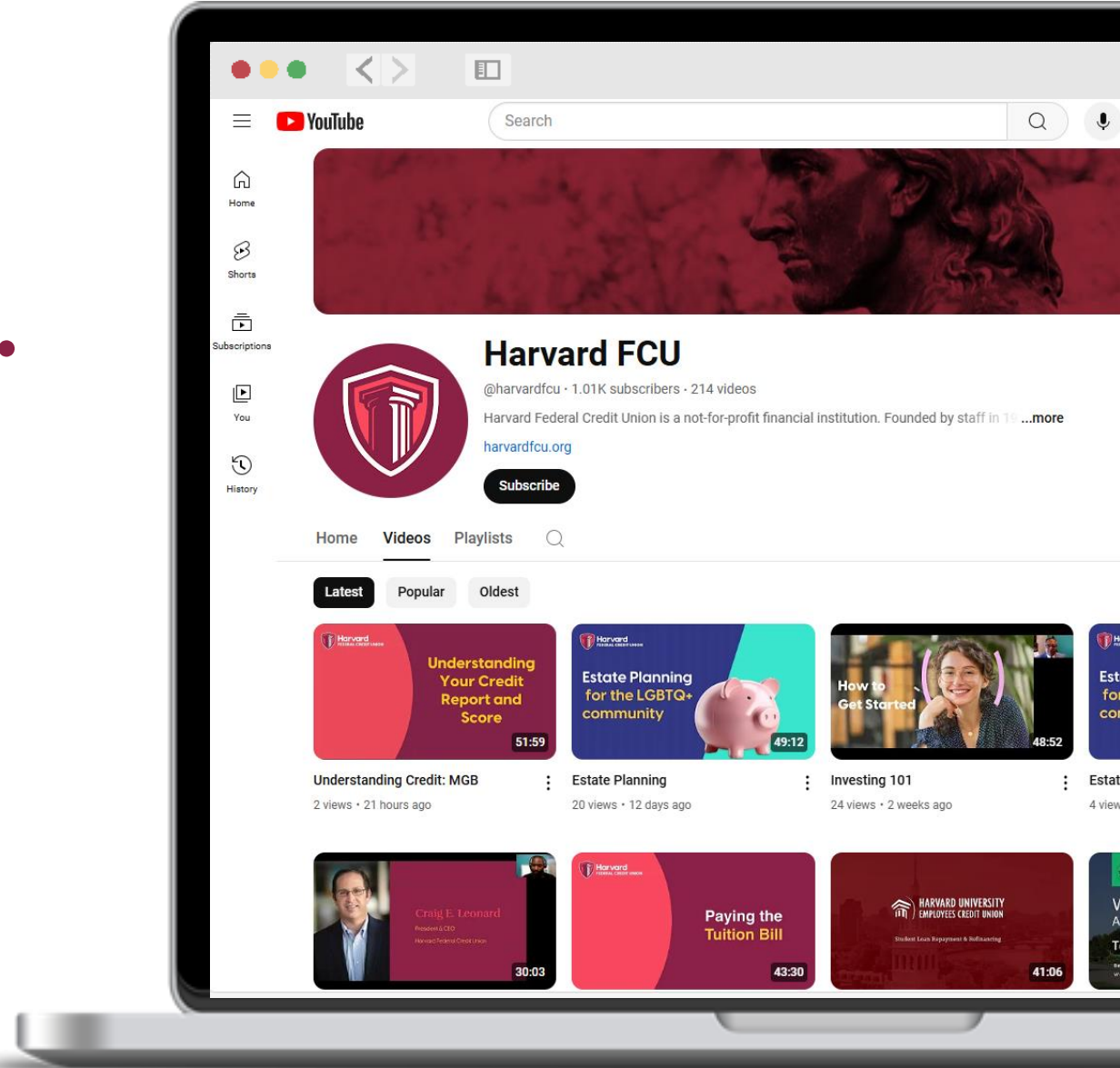


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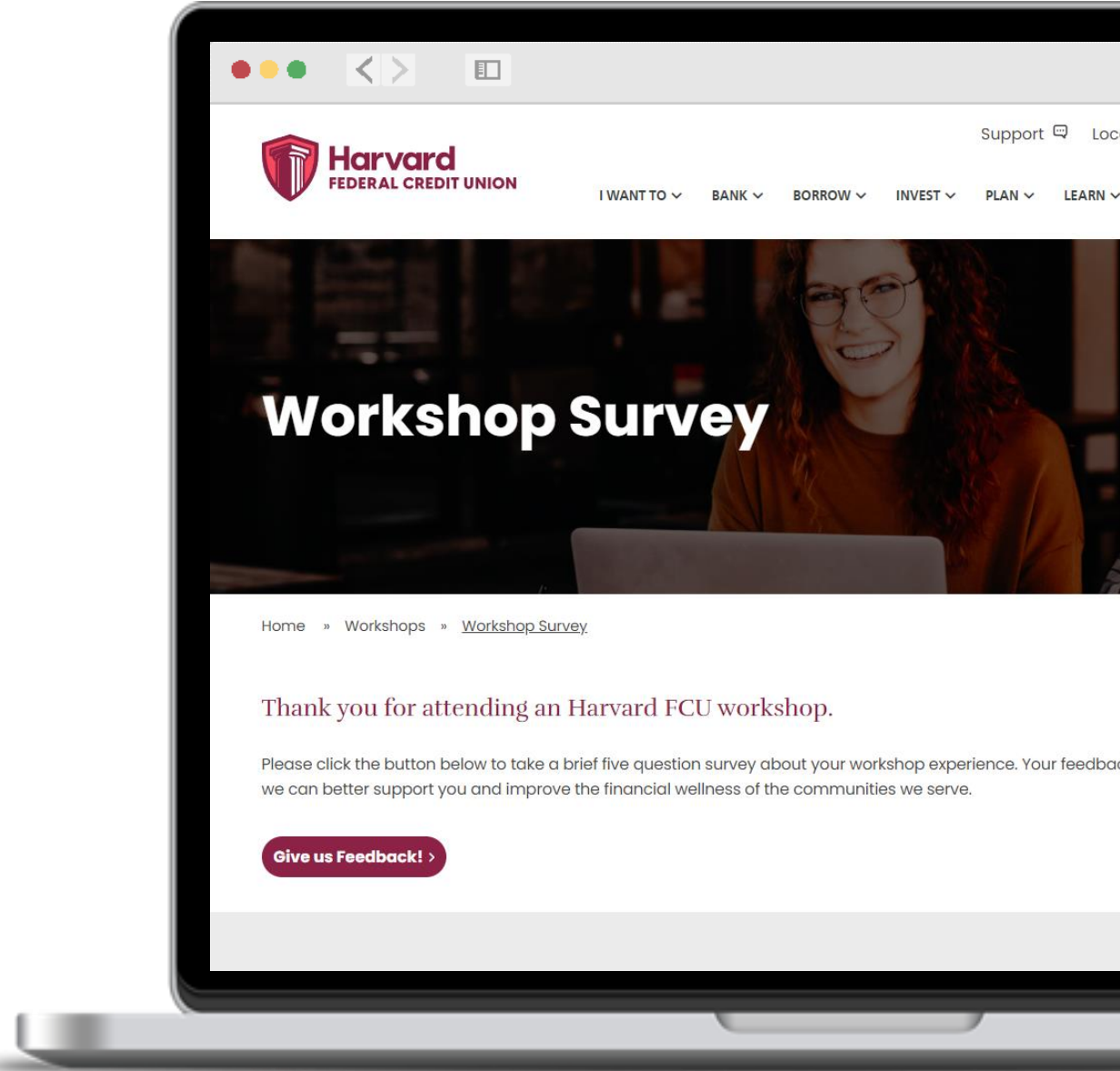
Disclaimer

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Let's keep in touch!

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