

FINANCIAL WELLNESS ONE STEP AT A TIME!

Debt-related stress can negatively impact your health. This month let's reduce your stress level and increase your financial security by putting a plan in place to pay off your debt. Remember, paying off debt is not just a numbers game, you need to be disciplined, stay motivated, and keep the momentum going once you get started.

August – Step #8 *Pay off Debt*

Activities:

Make a list – Identify and list each debt. Include the type of debt (secured or unsecured). Secured debt uses property as collateral, such as your home, while unsecured debt has no collateral attached to it, such as credit card debt. For each debt, list the balance, interest rate, payment terms and minimum monthly payment.

Choose a strategy – Use a debt repayment strategy that you'll stick with. Strategy examples include:

- **Debt Avalanche Method** - Pay more than the minimum amount on your highest interest rate debt each month while paying the minimum on low interest rate debt. Once that debt is paid off, you can tackle the next highest rate debt.
- **Debt Snowball Method** – Pay off your smallest debt first and then roll that monthly amount into your next smallest debt. Continue this process until your debts are paid off.
- **Debt Consolidation** – Combine all your debts into a single account with a lower interest rate.
Note: speak with your financial adviser before using this method. While it may streamline your finances, it could come with added costs, and you could pay more interest over the long term.

Avoid new debt – Commit to putting a pause on creating any new debt. Paying your bills on time, avoiding unnecessary purchases, buying on credit only when absolutely necessary, and building an emergency fund (see Step #7) are all ways to help you stay out of debt.

Helpful Hint:

Celebrate every success! Whether you make an extra payment or pay off a debt completely, honor the progress you are making!

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