PAY OFF YOUR DEBT AND HIGH-INTEREST CREDIT CARDS

ARE YOU IN TROUBLE?

If you answer “yes” to any of the following questions, then you probably need to get your debts under better control:

1. Can you only afford to make minimum payments on your credit cards?
2. Do you worry about finding the money to make monthly car payments?
3. Do you borrow money to pay off old debts?
4. Do you borrow money to get you through to the next payday?
5. Have you used a home equity loan to refinance credit card debts, then run up new revolving balances on your cards?

The good news is that there is hope. With planning, discipline, patience, and maybe some outside help, almost anyone can reduce their debts and start to accumulate wealth.

HOW DO I GET OUT OF DEBT?

CALCULATE HOW MUCH YOU OWE AND AT WHAT INTEREST RATE

1. Make a list of all your debts, their interest rates, and their monthly payments.
2. Make a list of all your income sources.
3. Make a list of all your other fixed expenses like electricity, telephone, and internet access.

MAKE A BUDGET

Using that information, make a budget. Make sure your plan includes a savings component. Do you need to cut out some expenses in order to meet the savings goal? If your bottom line shows a negative amount, don’t give up!

MAKE A PLAN

Talk to a FRB FCU loan officer to see if a debt consolidation loan will help.

➢ By bringing all or at least the majority of your debts into one affordable monthly payment you can start on the path to creating wealth!
➢ A debt consolidation loan can be used to pay off credit card bills or medical expenses that are weighing you down.
➢ If the rate on your car loan is high, see if you could save money by bringing the car loan to the credit union. Many of our members find the interest rate is significantly lower!
➢ Do you have a credit card with a high interest rate? Think about switching to a FRB Credit Card with a lower interest rate. The credit union will allow you to transfer other credit card balances at no charge and no annual fee.

If you still have debts, either pay off the debt with the highest interest rate first and work your way down to the debt with the lowest rate, or pay off the smallest loan first and work your way up to the largest. It is very important that, while you are making a budget, you figure out the most you can afford to pay each month to reduce your debts, then make those payments without fail.

STOP BORROWING

As you work through your plan of action, the next step in getting out of debt is to stop borrowing. To do that, you have to stop spending more than you earn. It may help to cut up your credit cards or lock them away in a safe place. Keep one credit card for emergencies. The FRB FCU Visa card has a low interest rate and no annual fees.

DON’T OVERSPEND

Once you’ve paid off your debts, don’t give in to the temptation to start over-spending again. Instead, take the money you were paying each month on your debts and begin to save it. That will give you a financial cushion the next time emergency strikes.

Let the FRB FCU help you. Remember, you are a member owner of the credit union, and it is our job to assist you to achieve your financial goals. We offer you an array of savings accounts and, when you need to borrow, a wide range of loans at equitable interest rates.