



**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



## Community Focused

**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.**



## Products & Services

**Free access to ATMs nationwide. Credit cards with cash back rewards. Home loans for purchases and refinancing, student loans and refinancing options, auto loans and more.**



## Access Anywhere

**Convenient locations and Online Banking. Mobile Banking and Digital Wallet ready. Access to the nationwide CO-OP Shared Branching Network.**



Thrive Financial Wellness

# Learn to Live Your Best Money Life

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

[HARVARDFCU.ORG/THRIVE](https://HARVARDFCU.ORG/THRIVE)



# 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 AVALANCHE**

Focuses on the highest interest rate.

START HERE



**DEBT SNOWBALL**

Focuses on smallest amount of debt.

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

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Auto Refinancing

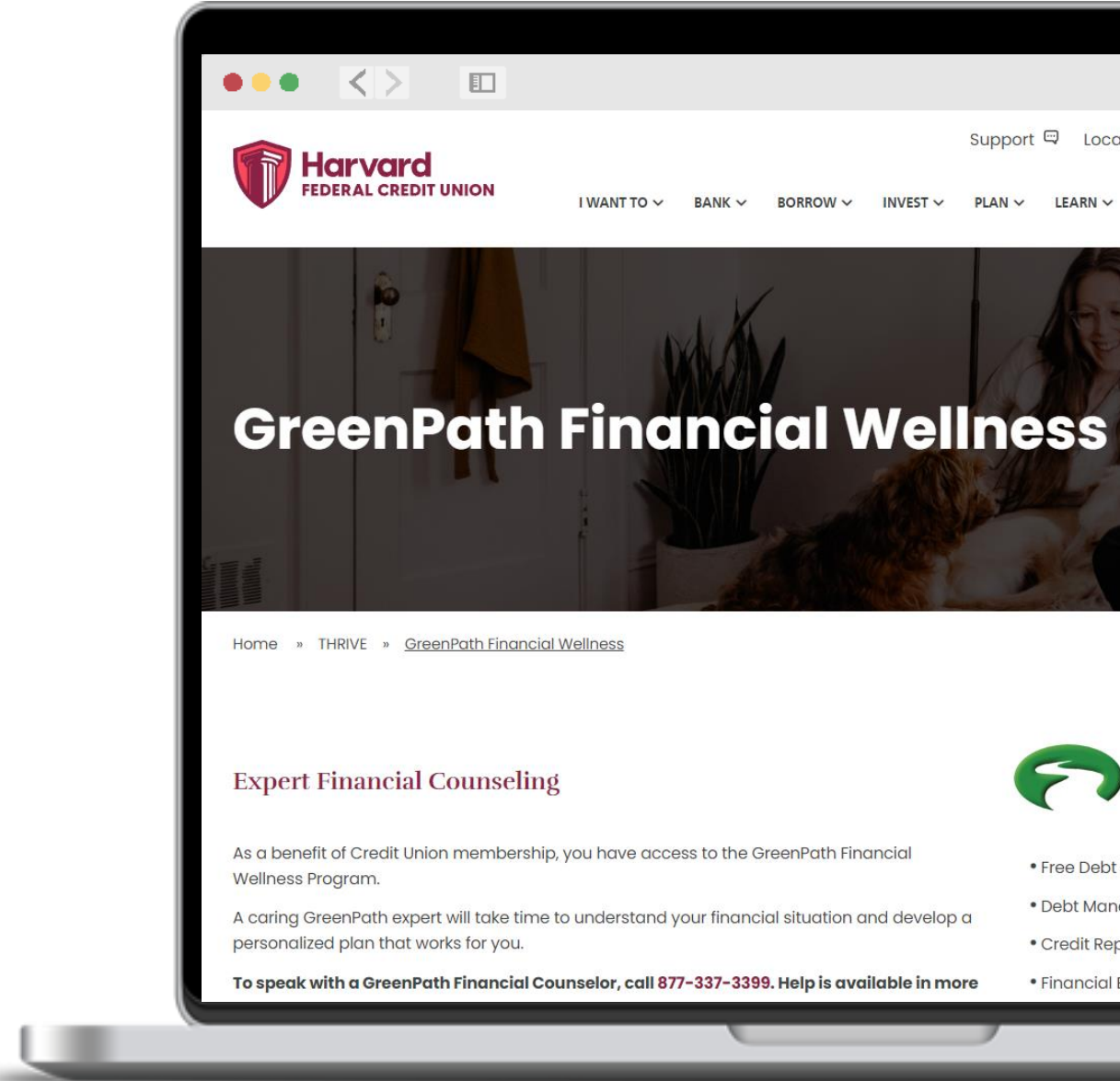
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Student Loan Refinancing

# GreenPath

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

[HarvardFCU.ORG/GREENPATH](https://HarvardFCU.ORG/GREENPATH)



# 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
<b>INTEREST CHARGES</b>	\$573.13	\$234.22	\$338.91
<b>LATE/OVERLIMIT CHARGES</b>	\$150	\$30.00	\$120.00
<b>SERVICE FEE</b>	\$0.00	\$50.00	(\$50.00)
<b>PRINCIPLE PAYMENT</b>	\$75.87	\$484.76	\$408.91

# Next Steps



Stay motivated



Stay informed



Take action

What will you do?

- ✓ Today
- ✓ This week
- ✓ This month



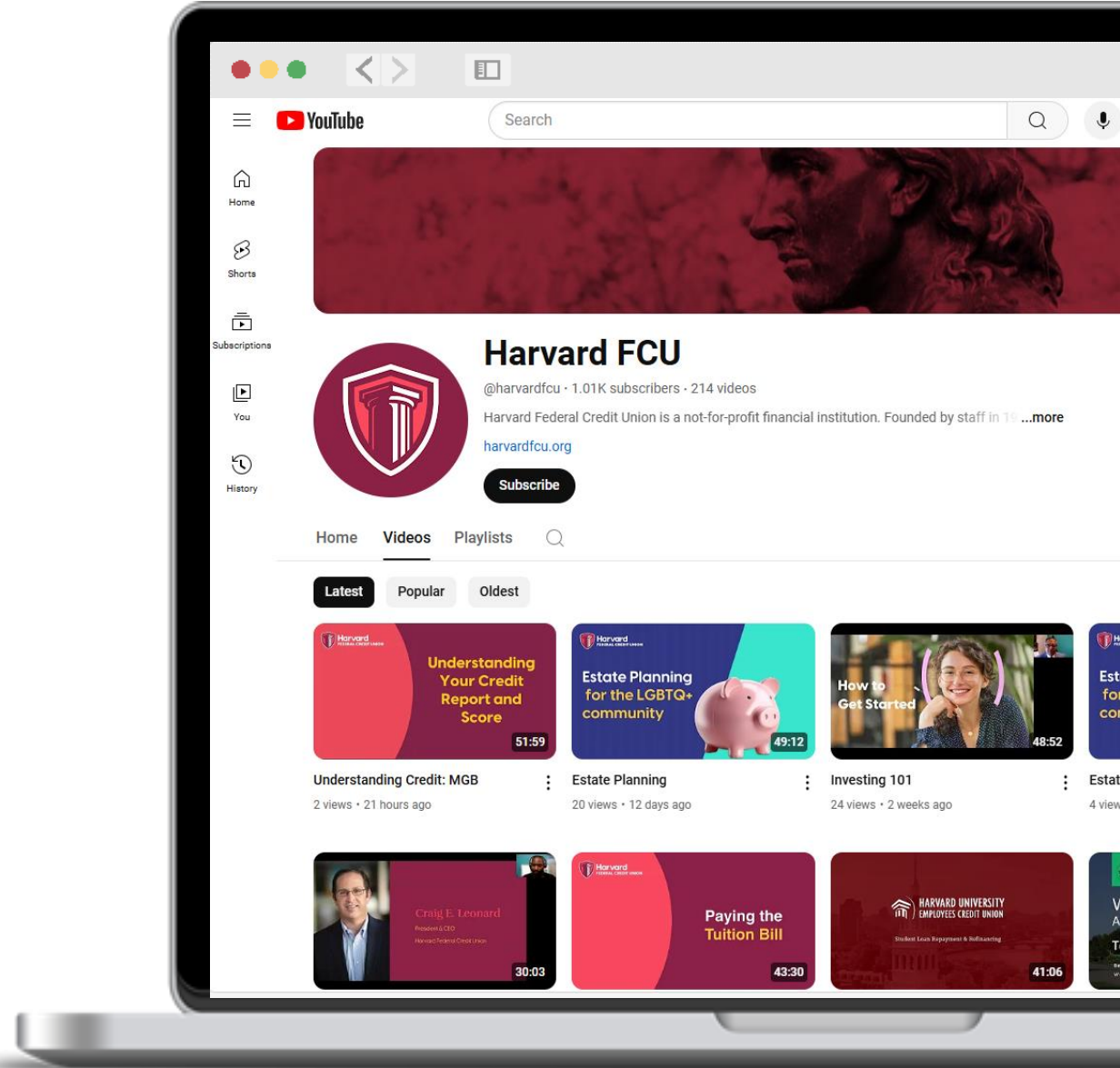


# Check out our recent webinars.

Learn more about:

- Estate Planning
- Budgeting
- Credit

[youtube.com/@harvardfcu](https://youtube.com/@harvardfcu)



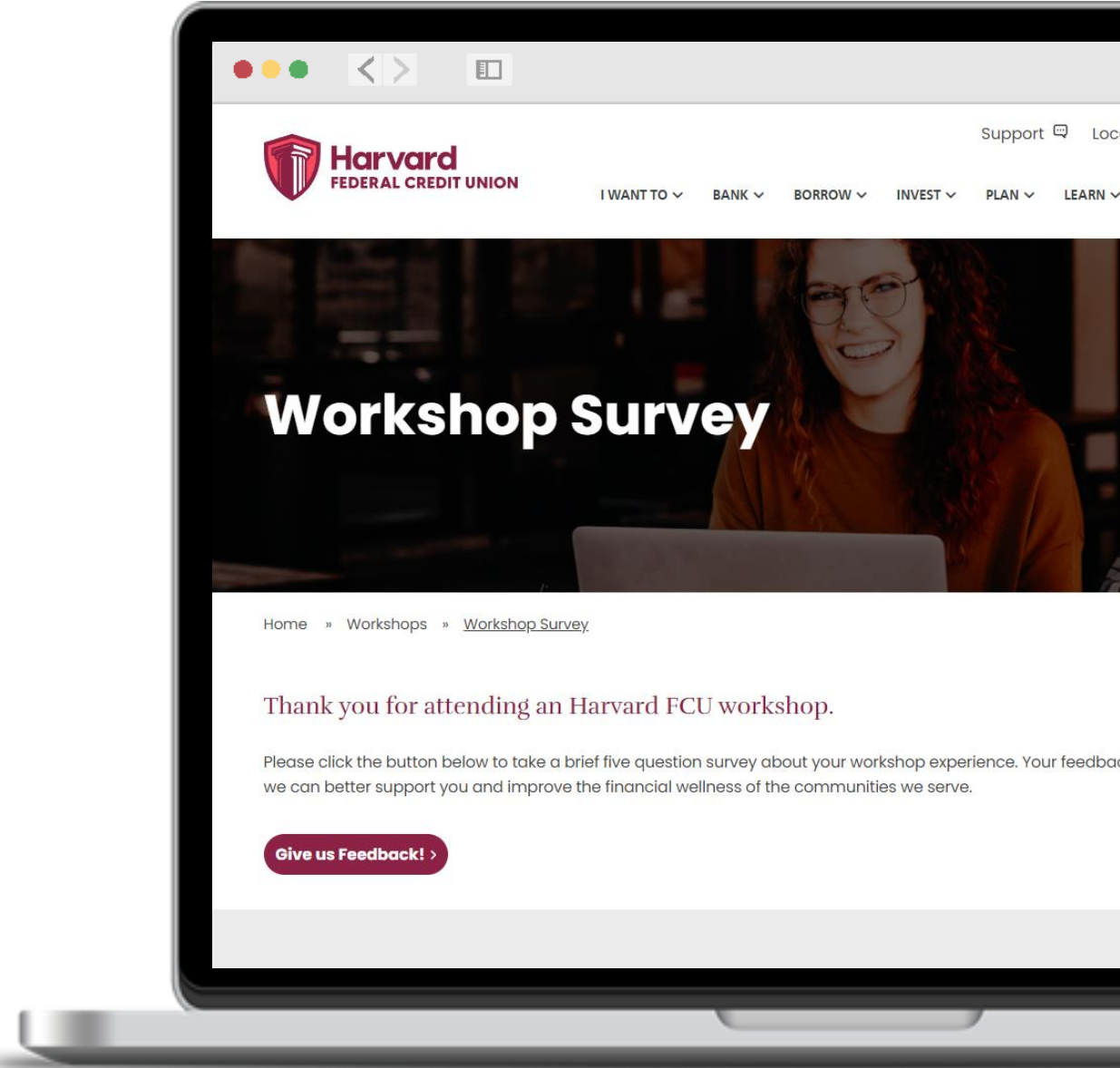
# Disclaimer

**This presentation is a general overview of principles you may want to consider. Only you can decide what is best for you. This presentation is educational in nature and is not intended to be, and should not be construed as tax, legal or investment advice. You should always consult a certified advisor for advice on your specific situation. The examples used in this presentation are for illustrative purposes only.**

# Survey Says

Let us know how you liked this webinar.

[HarvardFCU.ORG/SURVEY](https://HarvardFCU.ORG/SURVEY)





# Let's keep in touch!

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