MONEY

Begin with safety and facts

A payoff plan works only when current essentials are protected.

DEBT PAYOFF DECISION GUIDE

SET THE ORDER OF PRIORITIES

Keep housing, food, utilities, transportation, insurance, and required minimum payments visible. If you cannot make a required payment, contact the creditor or provider before the due date and ask about available options.

- ☐ Do not ignore notices or replace facts with estimates.
- ☐ Avoid sending sensitive account details by unsecured email.
- ☐ Be wary of companies promising guaranteed debt relief for an upfront fee.

EXAMPLE

Before adding $100 to a card, Sam confirms rent, utilities, groceries, and every minimum payment are covered.

PUT IT INTO PRACTICE

Which obligations have the most urgent consequence if missed?

Which provider should I contact this week?

Educational information only, not personalized financial, tax, or legal advice. Debt terms and assistance options vary; verify details with your creditor, a qualified nonprofit counselor, or an official consumer agency.

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Make a complete debt list

One page of facts makes choices comparable.

DEBT PAYOFF DECISION GUIDE

CAPTURE EACH ACCOUNT

For every debt, record creditor, balance, annual percentage rate if known, minimum payment, due date, and whether the account is current. Check the latest statement or creditor portal.

- [ ] Include cards, loans, medical payment plans, and collections notices.
- [ ] Mark promotional rates and their end dates.
- [ ] Separate disputed or unfamiliar accounts for verification.

EXAMPLE

Card A: $1,200 at 24.99%, $40 minimum, due 12th. Auto loan: $6,800 at 6.2%, $240 minimum, due 20th.

PUT IT INTO PRACTICE

What term or balance needs confirmation?

Is a promotional rate ending soon?

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Find the monthly payoff amount

Use money left after essentials and minimums.

DEBT PAYOFF DECISION GUIDE

CALCULATE A SUSTAINABLE EXTRA PAYMENT

Subtract essential costs and all minimum debt payments from reliable monthly income. The remaining amount is not automatically available for payoff; leave room for irregular costs and a modest buffer.

- [ ] Extra payment available this month: $____.
- [ ] Choose an amount you can repeat for three months.
- [ ] If the number is zero or negative, focus on stability and contact options rather than forcing a payoff target.

EXAMPLE

After essentials and $310 in minimums, Jordan has $180. They reserve $80 for irregular costs and direct $100 extra to one account.

PUT IT INTO PRACTICE

What amount can I make without missing another need?

What irregular cost is likely before the next paycheck?

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Compare two payoff methods

Both methods require minimums on every account.

DEBT PAYOFF DECISION GUIDE

AVALANCHE AND SNOWBALL

With the avalanche method, direct extra money to the highest-interest debt; this may reduce interest cost. With the snowball method, target the smallest balance; quick closures may support motivation. Choose the method you are most likely to continue.

- [ ] Pay minimums on all non-target debts.
- [ ] Send all planned extra to one target at a time.
- [ ] When a debt closes, roll its former payment to the next target.

EXAMPLE

Two cards: $500 at 18% and $900 at 29%. Avalanche targets the 29% card; snowball targets the $500 card. Either plan keeps both minimums current.

PUT IT INTO PRACTICE

Do lower cost or an early win matter more for my follow-through?

What target will I use for the next 90 days?

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Check terms before changing anything

A lower payment is not always a lower total cost.

DEBT PAYOFF DECISION GUIDE

ASK CLEAR QUESTIONS

Before consolidating, refinancing, settling, or using a transfer offer, read the agreement and compare total cost, fees, rate changes, repayment length, and consequences of missed payments. Do not close or open accounts solely from a sales pitch.

- [ ] Ask for terms in writing.
- [ ] Check whether an offer is secured by property or requires a new account.
- [ ] Ask a nonprofit credit counselor or official consumer agency how an option may work.

EXAMPLE

A transfer offer has a 3% fee and a rate that rises after 15 months. Lee calculates whether the balance can realistically be paid before the promotional period ends.

PUT IT INTO PRACTICE

What happens after the introductory period?

Which fee or condition have I not understood yet?

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Use a hardship conversation script

Early, factual contact can clarify options.

DEBT PAYOFF DECISION GUIDE

CALL WITH A SPECIFIC REQUEST

Have your account number, current income information, and a realistic payment amount ready. Write down the representative's name, date, reference number, and any agreement before ending the call.

- [ ] Ask about due-date changes, temporary hardship programs, or payment arrangements.
- [ ] Do not promise an amount you cannot pay.
- [ ] Request written confirmation of any changed terms.

EXAMPLE

Script: ·I am reviewing my budget and may not be able to make the full payment on the 15th. What hardship or payment options are available, and can you send the terms in writing?·

PUT IT INTO PRACTICE

What payment can I honestly offer?

What confirmation do I need after the call?

MONEY

Track, review, and adjust

A plan is useful when it changes with reality.

DEBT PAYOFF DECISION GUIDE

KEEP A MONTHLY SCOREBOARD

Record starting balance, payment, interest or fees shown, ending balance, and next target. Review after each statement, not every day. If a payment is missed or income changes, update the plan and contact the creditor promptly.

- [ ] Celebrate an account closure without adding new debt to replace it.
- [ ] Keep receipts and written agreements.
- [ ] Seek reputable nonprofit or official help if collection, court, or insolvency notices arrive.

EXAMPLE

Beginning balance $1,200; payment $140; statement interest $25; ending balance $1,085. The next month's target stays the same unless essentials change.

PUT IT INTO PRACTICE

What changed since last month?

What one action will protect the plan before the next due date?