



PowerPay

Available online at www.powerpay.org

By using the Power Pay* method of debt repayment, you will maximize the effect of your monthly payments on your debt. This method is easily incorporated into your budget and can help eliminate debt more quickly than other methods. Follow these steps:

1. Make a commitment to stop borrowing or charging until all debts are paid.
2. Get to know your debts. The first step in tackling your debt is getting to know it. If you don't know the amount, interest rate and minimum monthly payment on each one of your accounts, find out!
3. Prioritize debts in this order:
 - First priority is the debt you can pay off the fastest – there's a psychological boost that will help you keep going, and you can free up some extra cash quickly to apply to other debts.
 - Next, to maximize savings, the rest of your accounts should be put in order of interest rate (highest to lowest).
 - Finally, collection accounts should be addressed after all current debt is paid – they are likely to have stopped accruing interest.
4. Dedicate a set amount of money to monthly debt repayment. This amount can be just the sum of all minimum payments. If you can dedicate more toward debt repayment, the extra amount should go to the first priority debt. It is not necessary to come up with extra money to be successful.
5. Pay the same amount to each bill every month, even if the minimum payment drops.
6. When debt #1 is paid, the money that was being paid to that debt is now added to the money being paid to debt #2.

Debt	Amount Owed	Interest Rate	Minimum Payment	Priority
Totals				

* Power Pay is a program developed by the Utah State University Extension.

Questions? Don't hesitate to call or email!

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