

NEWSLETTER



Downsizing Holiday Debt

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Many families increase their spending during the holidays. While some clients may have reduced travel and entertainment expenses providing greater budget flexibility to use towards holiday shopping, other clients may take on additional credit card debt. Like many Americans, it is not uncommon for military families to have leftover holiday debt still hanging over their head like a big dark cloud. What can you do to help these clients?

- **Know What Is Owed** - Have your client make a list of outstanding consumer debts that need to repaid. This includes various types of loans and credit cards. Ask the client to include the names of creditors, balances owed, the number of monthly payments remaining (if known), the dollar amount of monthly payments, and the annual rate of interest (i.e. APR). Identifying how much they owe and who it is owed to is the first step to developing an action plan to get out of debt.
- **Reduce Expenses**- Have your client track current living expenses for a month or two and identify spending "leaks." Your client can plug the leaks through reduced spending and earmark the newly "found" money to repay debt.
- **Pay More than the Minimum Payment**- Ideally, your client will want to pay at least double the required minimum monthly payment, especially for credit cards. This one simple step can save hundreds, even thousands, of dollars of interest and years of debt repayment. Online credit calculators and the debt payoff table in credit card statements are useful tools to estimate how long it will take, and how much interest it will cost, to repay existing creditors.
- **PowerPay Debt**- [PowerPay](https://extension.usu.edu/powerpay/) (<https://extension.usu.edu/powerpay/>) is a free online Utah Cooperative Extension program that works by adding the amount of monthly payments from paid off debts to monthly payments for existing debts. As each creditor is repaid, remaining creditors receive larger payments with freed up cash, resulting in both time and interest savings. Clients can use the information from their outstanding consumer debt list to generate a PowerPay calculation.

Left over holiday debt does not have to become "perma-debt." There are strategies to pay it off. For additional information, read the University of Georgia Extension publication [How to Get Out of Debt](https://extension.uga.edu/publications/detail.html?number=C1045&title=How%20to%20Get%20Out%20of%20Debt) (<https://extension.uga.edu/publications/detail.html?number=C1045&title=How%20to%20Get%20Out%20of%20Debt>)

Welcome

We're kicking off 2021 with 2 exciting webinars that we hope you'll mark on your calendars.

On Jan. 26, Dr. Michael Gutter will lead a 2-hour Ethics webinar focusing on current events, including the pandemic and calls for social justice, that may have an impact on the conversations Personal Finance Managers are having with clients.

On Feb. 10, a webinar focused on the importance of financial preparedness as a readiness measure during disasters, kicks off the ongoing [Military Families Readiness Academy](#).

Stay tuned for more 2021 webinars coming soon!

Mark Your Calendar!

CEUs will be offered for
AFCs, CPFCs, CFLEs.

JAN 26 [Ethical Considerations During Challenging Times](#)

FEB 10 [Financial Preparedness is Disaster Preparedness](#)

Watch recorded webinars and earn CEUs from events presented within the past 3 years.

militaryfamilieslearningnetwork.org/personal-finance/webinars/

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