

# Pandemic Planning – Part Two

Action Items



The purpose of this four part series is provide a brief overview of the importance of planning EVEN during troubled times and to help you create a financial plan for both your opportunities and challenges.

Focus: Create a plan to manage, pay down and/or pay off debt

### Questions to Ask and Answer:

<b>How Much Debt Are You In?</b>	<b>Instructions:</b> <ul style="list-style-type: none"> <li>List all your debt including the interest rate, minimum monthly payment and total debt in the form below</li> <li>Total both the minimum monthly payment column and the total debt column</li> <li>Compare this amount to the dollars you have available for debt repayment.</li> </ul>	<u>Thoughts:</u>
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Who do you owe	Interest Rate	Minimum Monthly Payment	Total Debt Amount
<b>Total</b>		\$	\$



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**Questions to Ask and Answer:**

Can you comfortably make the monthly payments on your debt?	
Can you stop creating more debt?	
Can you reroute current income or bring in additional income to pay off debt faster?	

<p><b>Do you REALLY want to be out of debt?</b></p>	<p><b>Getting out of debt is easier than staying out of debt.</b></p> <ul style="list-style-type: none"> <li>• Getting out is a temporary inconvenience</li> <li>• Staying out takes a shift in your mindset             <ul style="list-style-type: none"> <li>○ Changing spending habits</li> <li>○ Make different money decisions                 <ul style="list-style-type: none"> <li>▪ Look at credit differently (cash only purchases)</li> <li>▪ Save up for purchases</li> </ul> </li> <li>○ Maintaining this discipline for the remainder of your life</li> </ul> </li> </ul> <p><i>Spend some time thinking about this decision. Do you REALLY want to be debt free or simply manage your debt better? There is a difference.</i></p>	<p><u>Thoughts:</u></p>
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<p><b>Debt Repayment Strategies</b></p>	<p><b>Avalanche verses Snowball</b></p> <ul style="list-style-type: none"><li>- <u>Avalanche</u>: Extra dollars go to paying the highest-interest debt first, while making minimum payments on the remaining debt.<ul style="list-style-type: none"><li>o Pro: Save money on the total amount of interest you pay and usually faster way to get out of debt</li><li>o Con: You may miss out on “small victories” especially if your largest debt has the highest interest rate.</li></ul></li><li>- <u>Snowball</u>: Your attention is on paying off the smallest debt balances first while making minimum payments on all other debts.<ul style="list-style-type: none"><li>o Pro: You get to have “small victories” as you pay off lower dollar debt that keep you motivated</li><li>o Con: It can cost you more in interest, especially if the higher dollar debt also has the highest interest rates.</li></ul></li></ul> <p><i>Spend some time thinking about this decision. Do you REALLY want to be debt free or manage your debt better? There is a difference.</i></p>	<p><u>Thoughts:</u></p>
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<p><b>How to Get More Information</b></p>	<p><b>Contact me:</b></p> <p>Website: <a href="http://beingbrokeisntcute.com/">http://beingbrokeisntcute.com/</a> Email: <a href="mailto:beingbrokeisntcute@gmail.com">beingbrokeisntcute@gmail.com</a> YouTube: <a href="https://www.youtube.com/channel/UC1kYYmhYDN4LLF4jjSuL78Q">https://www.youtube.com/channel/UC1kYYmhYDN4LLF4jjSuL78Q</a> Facebook:</p> <p>Average American Debt by Age <a href="https://www.bankrate.com/finance/debt/average-american-debt/">https://www.bankrate.com/finance/debt/average-american-debt/</a></p> <p>Articles by CreditKarma <a href="https://www.creditkarma.com/advice/i/debt-avalanche">https://www.creditkarma.com/advice/i/debt-avalanche</a> <a href="https://www.creditkarma.com/advice/i/what-is-the-snowball-method">https://www.creditkarma.com/advice/i/what-is-the-snowball-method</a></p> <p><i>“I am not affiliated with BankRate.com or CreditKarma.com in any way. These are just really good sites for financial information. Use them at your own discretion.”</i></p>
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