

6 Short courses to Financial Freedom

Course 3

Debt

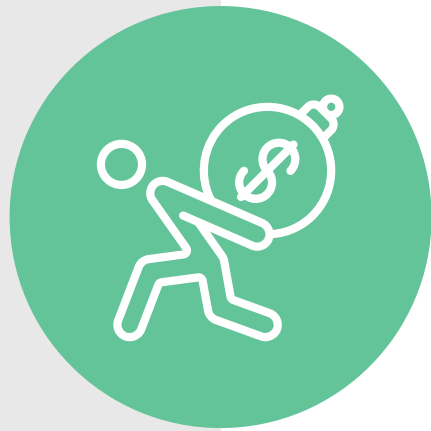
Management





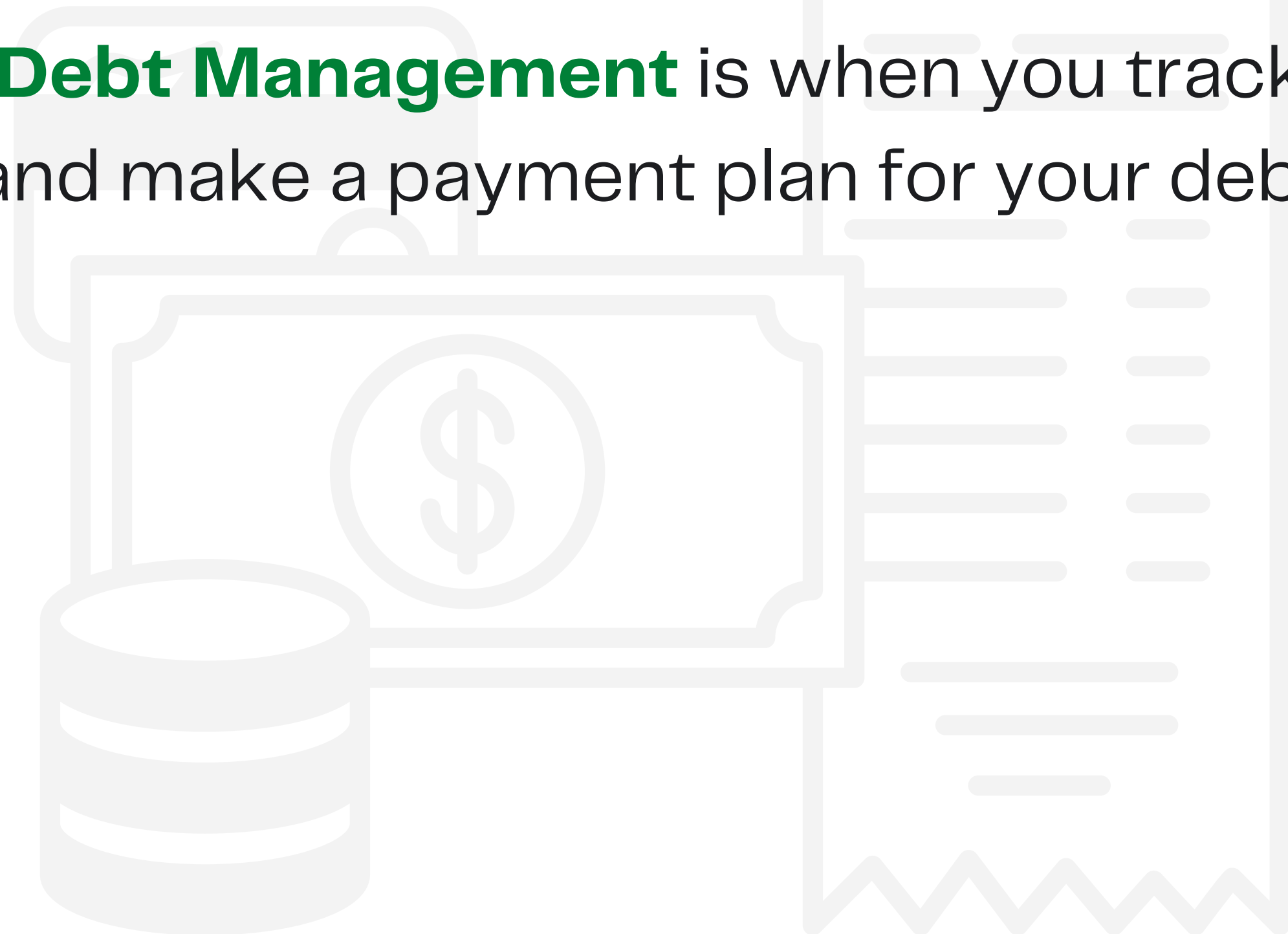
Debt is money due or owed, usually with interest

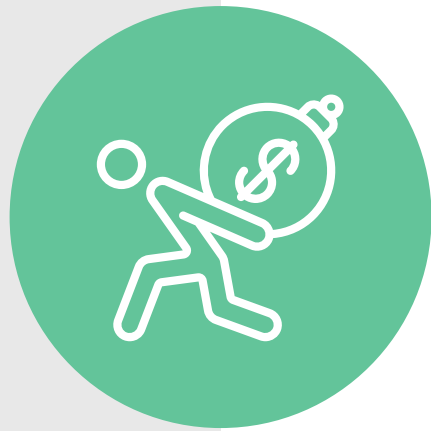




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Debt Management is when you track and make a payment plan for your debt





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Control your debt or
debt will control you

Did you know...about **340 million Americans** are in debt?

Average debt by generation

Gen Z (1997–2012): **\$9,593**

Millennials (1981–1996): **\$78,396**

Gen X (1965–1980): **\$135,841**

Baby boomers (1946–1964): **\$96,984**

Silent generation (1925–1945): **\$40,925**



Did you know...credit cards provided great *buying power* but also a *financial disaster* for many individuals & families

Personal debt in America:

- **Over 191 million Americans have credit cards.**
- **The average credit card holder has at least 2.7 cards.**
- **The average household credit card debt is \$5,315.**
- **Total U.S. consumer debt is at \$14.9 trillion. That includes mortgages, auto loans, credit cards, and student loans.**

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Many stay in a debt cycle because they do not have control of their debt...



Know how **compound interest** impacts your money



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Rule of 72

$$72 \div \begin{matrix} \text{interest} \\ \text{rate} \end{matrix} = \begin{matrix} \# \text{ years for } \$ \text{ to} \\ \text{double} \end{matrix}$$



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EXAMPLE: If you had \$10,000 in each account earning 3%, 6%, or 12% interest. It will take you 24, 12 or 6 years, respectively, to double your money.



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Years	3%	6%	12%
0	\$10,000	\$10,000	\$10,000
6			\$20,000
12		\$20,000	\$40,000
18			\$80,000
24	\$20,000	\$40,000	\$160,000
30			\$320,000
36		\$80,000	\$640,000
42			\$1,280,000
48	\$40,000	\$160,000	\$2,560,000



Tips to eliminate debt

Debt roll-up

Systematically pay more than the minimum. Once the first balance is paid off, the available amount freed up is now used to pay the next debt off even faster.

You can choose to pay the:

- a) highest interest first
- b) smallest balance first



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Debt consolidation

When someone obtains a new loan to pay out a number of smaller debts that they are currently making payments on.



Tips to *stay* out of debt

- Know what you owe & live within your means
- Eliminate the number of credit cards
- Pay off the entire balance on your credit card debt each month
- Avoid late payments
- Stop charging and cancel unused subscriptions

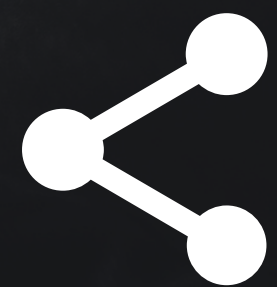


Let us know how we can help manage your debt

Download our Debt Management Worksheet and select a time to chat with a financial professional



Thank you for watching.



If you like us, please share!

Ready for the next course?

