



## Paying Off High-Interest Debt

At Military Saves, our goal is to promote the importance of savings and encourage servicemembers, DoD employees and their families to take financial action. To help the people you serve save more successfully and to promote the importance of savings at a national level, we have put together this resource packet entitled “Paying Off High-Interest Debt” with you in mind.

This resource packet contains a sample article, suggestions for social media content, and tools and resources designed to **help you communicate with the public, your audience, and with other organizations to help them pay off debt.** Look for new packets from Military Saves every six weeks.

We encourage you to use this material to:

- Augment the savings information you already provide to others
- Encourage individuals to [Take the Military Saves Pledge](#), thereby creating and committing to a basic savings or debt reduction plan
- Position your organization as "in front" of the savings message and the need to save, particularly in uncertain economic times

We want to hear from you. Please take a moment to [complete this one-question survey](#) on the usefulness of this material.

Our next resource kit is on “youth savings”. If you have materials you would like us to include please send them to [Andia Dinesen](#).

This resource packet includes:

1. [Sample Article](#)
2. [Facebook and Twitter Posts](#)
3. [Tools and Resources](#)
4. [One-question survey](#)

# Sample Article

Use this content for your blog, newsletter, email communications, or any other publication. You can either rewrite the information or use as a guest post. (If you would like to use as a guest post, credit Katie Bryan, Communications Manager, America Saves)

## Paying Off High-Interest Debt

Borrowing more money than you can afford is costly in many ways. Americans spend well over \$75 billion a year just on credit card interest and fees. That means that families who revolve credit card balances pay an average of \$1,500 a year in interest and fees. If they saved that \$1,500 in an account with a five percent yield, in 40 years they would have nearly \$200,000! Taking on too much debt also [lowers your credit score](#). That means you will end up paying higher interest rates on all your consumer and mortgage loans. A low credit score can also make it harder to rent an apartment, get utility services, and even get a job.

Too much debt isn't just expensive. People with lots of debt often say they lack peace of mind. They worry constantly about paying off debts and making ends meet. The stress of these worries affects their family life, work performance, and other areas of their lives.

### Are you in Trouble?

If you answer "yes" to any of the following questions, then you probably need to get your debts under better control:

1. Can you only afford to make minimum payments on your credit cards?
2. Do you worry about finding the money to make monthly car payments?
3. Do you borrow money to pay off old debts?
4. Have you used a home equity loan to refinance credit card debts, then run up new revolving balances on your cards?



The good news is that there is hope. With planning, discipline, patience, and maybe some outside help, almost anyone can reduce their debts and start to accumulate wealth.

### How to reduce your Debts

The first step in getting out of debt is to stop borrowing. To do that, you have to stop spending more than you earn. So, make a budget and cut out any expenses you can. It may help to cut up your credit cards or lock them away in a safe place.

#### Set a Goal.

- Example: I want to pay down \$5,000 in debt in one year.

#### Make a Plan.

- Figure out the most you can afford to pay each month to reduce your debts, then make those payments without fail. See if you can automatically pay your bills each month to ensure you make your payments on time.

TIP: If you have debts on more than one credit card, either pay off the card with the highest interest rate first and work your way down to the card with the lowest rate, or pay off the smallest loan first and work your way

up to the largest. Once you've paid off your debts, don't give in to the temptation to start over-spending again. Instead, take the money you were paying each month on your debts and begin to save it. That will give you a financial cushion the next time an emergency strikes.

### **Where to get help**

If you are near an installation you can go to the Family Readiness Center and meet with a Personal Financial Manager or Counselor to get assistance. Visit [Military Installations](#) to find an installation near you.

Additionally, in most communities, there are agencies that can help you manage your debts.

#### **Consumer Credit Counseling Services**

The most helpful and most widely available are [non-profit Consumer Credit Counseling Services \(CCCS\)](#). CCCS counselors can work with you privately to help you develop a budget, figure out your options, and negotiate with creditors to repay your debts. Call 1-800-388-2227 to locate the office nearest you.

#### **Cooperative Extension Offices**

Some national credit counseling non-profits, who provide advice online or over the phone, can also be helpful. However, others charge high fees for little service, so be sure to shop carefully. In many communities, [Cooperative Extension offices](#) offer workshops, home-study courses, and other services to help people manage their money, including their debts. Cooperative Extension offices are listed in the blue pages of the phone book under county government.

### **Are you ready to set your goal?**

[Military Saves](#), a non-profit that encourages individuals and families to save money and build personal wealth, can help you develop your goals and take action. When you [Take the Military Saves Pledge](#), you'll receive the following benefits:

- In 2012 servicemembers and their spouses who Take the Pledge can also receive their free credit score from myFICO (the code will be available on the website after the pledge is taken or in through the welcome email from Military Saves)
- Free monthly e-mail newsletters with savings advice from national experts
- Free subscription to the quarterly American Saver newsletter

# Sample Tweets/Facebook

Share the following messages with your Facebook and Twitter Followers:

## #SavingsTipTuesday

**July 10** – Dig yourself out of debt w/ this action plan from @FINRA\_Education <http://ow.ly/c2szY>  
#SavingsTipTuesday

**July 17** – Use social media to set and share your goal of getting out of debt. <http://ow.ly/bJA2J>  
#SavingsTipTuesday

**July 24** – Non-profit credit counseling agencies like @nfccdebtadvice can help you get out of debt <http://ow.ly/c2ssf> #SavingsTipTuesday

**July 31** – Making one extra mortgage payment per year will save thousands of dollars in interest & shave off years of debt. #SavingsTipTuesday

**Aug 7** – If you find yourself over your head in debt, stop using your credit cards immediately. <http://ow.ly/bK4SA> #SavingsTipTuesday

**Aug 14** – Americans spend well over \$75 billion a year just on credit card interest and fees. <http://ow.ly/c2sWv> #SavingsTipTuesday

## #SavingsFactFriday

**July 13** – 33% of Americans spend more than they earn. The first step to eliminating debt is to stop borrowing & make a budget. #SavingsFactFriday

**July 20** – 45% of families with incomes under \$50,000 rely on credit cards to pay for basic needs. <http://ow.ly/c7pLE> #SavingsFactFriday

**July 27** – If you make a call before you miss a payment, business' will often be more willing to work with you. <http://ow.ly/bJZ1G>  
#SavingsFactFriday

**Aug 3** – Rounding payments up to the nearest \$100 goes a long way toward getting you out of debt faster. #SavingsFactFriday

**Aug 10** – The first step in getting out of debt is to stop borrowing. <http://ow.ly/c7pLE>  
#SavingsFactFriday

**Aug 17** – Want to get out of debt? Join America Saves for savings advice & motivation <http://ow.ly/c7ptp> #SavingsFactFriday

## Tools and Resources

Share the following tools and resources with your audience and with other organizations:

### Military/America Saves Resources:

- [Get out of Debt](#)
- Flyer – [10 Keys for Financial Success](#)
- Flyer – [Developing a Budget](#)

### Industry Resources:

Financial Industry Regulatory Authority (FINRA)

- [Dig Yourself Out of Debt Action Plan](#)

### Recent News Articles:

- [How to get your mortgage above water – MSN Money](#)
- [5 Smart Strategies for Managing Your Debt – TIME Moneyland](#)

### Government Resources:

Federal Trade Commission

- [Manage Your Debt](#)
- [Scam Watch](#)
- [Dealing With Debt Collectors \\*video\\*](#)

USA.gov

- [Manage Your Debt](#)
- [Get Credit Counseling](#)

### Calculators:

- [The Importance of Debt -to-Income Ratio](#)
- [Debt Reduction Snowball Calculator](#)

Visit the [Military Saves blog](#) over the next six weeks for more articles on Paying Off Debt.