

# Managing Your Debt

## PAY-DOWN METHOD

STEP ONE: Create a list of who you owe and how much. Put it in order of **EITHER**

- Interest rate (highest to lowest) **OR**
- How much you owe (balance lowest to highest)

STEP TWO: From your budget, created separately, see how much total money you have available to pay toward your debt.

STEP THREE: Apply that amount using minimum payments to everything **BUT** either the highest interest or lowest balance item. This is where you add the extra amount.

| Who do you owe? | At what interest rate? | How much do you owe? | Minimum payment per month? | How much can be applied from budget? |
|-----------------|------------------------|----------------------|----------------------------|--------------------------------------|
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**Total**

Information here is provided solely to supplement the “Managing Your Debt” presentation. This information should not be considered advice, and your situation may warrant consideration of other alternatives. Please speak with a financial advisor and/or tax advisor.




# Money Available To Pay Your Debt


Now determine your debt-to-income (DTI) ratio. Under 43% is the target<sup>1</sup>

| Amounts                      | Total |
|------------------------------|-------|
| Total monthly debt payments: |       |
| Total monthly income:        |       |
| Debt ÷ Income:               |       |

If your DTI is higher than you'd like, look for ways to increase your income or decrease your expenses. For example, you can look for promotion opportunities, take a second job and even work overtime if your employer allows it. Likewise, you can decrease your expenses by eliminating non-necessary items, rethinking entertainment expenses and changing transportation options. These are just a few ideas that can help improve your budget.



**Increase Income**  
Work overtime  
Promotion  
Second job



**Decrease Expenses**  
Reduce "wants"  
Limit entertainment  
Sell car

## General Resources

### UPoint

- <http://www.catbenefitscenter.com>

### Benefits Center

- 1-877-228-4010, select "Savings and Retirement"
- Mon-Fri, 8AM – 6PM CT

### Financial Education Center

- Cat Benefits Center > Savings & Retirement > Financial Education Center

### Advisory Services<sup>2</sup>

- 1-877-228-4010
- Select the "Savings and Retirement" option and then "Investment Advice"
- Mon-Fri, 8AM – 8PM CT

### Budgeting Applications<sup>2</sup>

- Mint.com, MyMoney.gov, Quicken

## Debt Resources<sup>3</sup>

### Credit Counseling Solutions (Clearpoint)

- Financial Education Center > Credit Counseling Solutions

### U.S. Department of Labor

- [dol.gov/agencies/ebsa](http://dol.gov/agencies/ebsa) > Retirement Savings Toolkit

### Consumer Financial Protection Bureau

- [consumerfinance.gov](http://consumerfinance.gov)

### U.S. government information, programs, and services on debt

- [usa.gov/debt](http://usa.gov/debt)
- [annualcreditreport.com](http://annualcreditreport.com)

### America's Debt Help Organization

- [debt.org](http://debt.org)

<sup>1</sup>According to Consumer Finance Protection Bureau.

<sup>2</sup>Advisory Services offered by Alight Financial Advisors LLC, a federally registered investment advisor.

<sup>3</sup>References to third-party services are for informational purposes only, and their information, accuracy, or reliability cannot be guaranteed.

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