

# PowerPay Your Debt

	Balance	Payment*	Payment	Payment	Payment	Payment
Card 1	3,500.00	70.00	70.00	70.00	70.00	210.00
Card 2	2,500.00	50.00	50.00	50.00	140.00	
Card 3	900.00	18.00	18.00	90.00		
Card 4	600.00	12.00	72.00			
Total:	\$7,500	150.00	210.00	210.00	210.00	210.00
	Extra payment	60.00				
		210.00	9 mo	20 mo	38 mo	52 mo
			Card 1	Card 2	Card 3	Card 4

## Pay down your debt faster with PowerPay!

First, complete a budget and find somewhere to save. Everyone will have their own way to save. Maybe it's on Coke. Maybe it's going out to lunch every day. Or, maybe it's that mid-afternoon snack. Whatever your splurge is, find a way that you can still enjoy it, but are saving it along the way. For example, instead of buying the soda from the convenient store, purchase a case of soda when it's on sale at the grocery store. This can save anywhere from \$40-\$60 per month (if consumed daily!).

Next, apply that monthly savings to one of your loan balances. Some people like to apply it to the loan with the highest interest rate; some like to apply it to the loan with the highest loan balance. In the example above, we applied an extra \$60 every month to the credit card with the lowest balance (card #4). After nine months, that card was 100% paid off. Then, we took the payment we were making on card #4 (\$72) and applied it to card #3 payment (\$18) to make a new monthly payment of \$90. We used this strategy until all credit cards were paid off. After 52 months, all credit card balances were 100% paid off!

## Here's the breakdown:

- By paying \$60 extra each month, all cards were paid off in 52 months = \$10,920 (\$3,420 interest)
- If the minimum payment would have continued, after 52 months you would have paid \$6,930 (\$5,206 interest). AND, after 52 months, you'd still have a balance of \$5,776.00!



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\* Assuming a payment of 2% of the credit card balance, adding no additional debt.