

ABCs of FINANCIAL FITNESS



Presentation 2: Managing Debt

Discussion Questions

1. Learn the difference and stick to it.

How do you tell the difference between a want and a need?

2. Bill Management

How do you keep track of when your bills are due? Do you use a calendar, an app like Mint, auto-payment or just wing it and hope you remember?

3. Good debt vs. bad debt?

Are you able to categorize all of your debt into these two categories – are there expenses where you are unsure where they fit?

4. Payment Strategy?

a. Avalanche or snowball – what will work best for you?

5. Credit Score

Correlation between credit scores and debt. How many of you know what your credit score is? How important is it to know your credit score?

6. Housing Debt – where do you fall?

Have you ever stopped to break down your expenses to see what percentage they are of your overall income. Take a minute to do so now. Housing expenses should never be more than 28% of your gross income and you should never spend more than 36% of your gross income on total debt payments.

Are your housing expenses more or less than 28% of your gross income?

7. Which should you pay first?

How much student loan do you currently carry? Do you know how much you own on your mortgage and any auto payments? Which one do you think you should pay off first and why?

a. Remember, all three of these are considered “good debt” and you shouldn’t feel like you are need to pay them off faster. Use any extra money to pay off high interest “bad debt” or put towards retirement.

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