

## **Options for Paying Off Debt**

**Facilitator:**

**Suggested time:** 20-30 minutes

**Materials:** PowerPoint slides; Student Guide p. 122-128; whiteboard; debt-calculation websites; Workshop 7 Handouts 3-4

**Teaching/Discussion:**

For the section on Organizing Debt Payment Methods in the Student Guide, write the following list on the whiteboard, leaving enough space to add notes: 1) long-term strategy, 2) interest rate strategy, and 3) month-to-month strategy. Go over each of these strategies for organizing and paying off debt, discussing pros and cons of each.

After this discussion, add the Snowball Technique and Avalanche Technique to the list on the whiteboard and explain how these techniques work. Explain the advantages and disadvantages of both techniques.

Emphasize how both methods are fantastic ways to pay off debts relatively easily and quickly. Different methods will work better for different people, depending on their financial situation and personality. The best method is the one a person thinks they can realistically stick with.

After this, go over the tips for short-term debt payoff, which are:

1. Make paying off debts part of your budget
2. Pay off the highest interest debt first
3. Do not accumulate more debt
4. For past due bills or debt payments, call the creditors and settle on a payment plan.

They will work with you and are accustomed to people asking for leniency

Invite questions and comments and consider using example scenarios to illustrate the impact these different strategies could have on reducing debt.

Highlight the online resources in the Student Guide for calculating how long it will take to pay off a debt, and pull up one or two debt-calculation websites on the projected or shared screen. Pass out the “Debt Collection FAQs” and “How to Create a Debt Elimination Plan” handouts. Consider using video content to explain the Snowball and Avalanche techniques.