

Debt Consolidation

Presenter: Esteban Arze



Debt Consolidation

➤ **Have you ever wondered if there is a connection between health and wealth?**

- Better decisions
- Clarity
- Less stress
- Less medical bills



Debt Consolidation

- American household debt hit a record **\$13.95 trillion** in 2019
- **Average American Debt by Age Group**
 - Under 35: \$67,400
 - 35–44: \$133,100
 - 45–54: \$134,600
 - 55–64: \$108,300
 - 65–74: \$66,000
 - 75 and up: \$34,500
- <https://www.debt.org/faqs/americans-in-debt/demographics/>



New Year's resolution

- ▶ Getting out of debt
- ▶ Saving Money



Danger Signals of too Much Debt

The following danger signals can indicate financial problems ahead:

- Are you continually late in making your payments?
- Are you near the limits of your credit cards?
- Do you make only minimum payments on credit card balances?
- Do you find it difficult to save?



Danger Signals of too Much Debt

- Do you have to use savings to pay current bills?
- Are you using a credit card because you do not have enough cash?
- Have you been denied credit?
- Do you use a credit line or cash advance from one credit card to make payments on another?





Problems with multiple debts

- Difficulty in managing number of loans
- Different credit terms
- Different repayment periods
- Multiple monthly payments
- Higher interest rates



Benefits of consolidating

- Convert multiple debt payments into one
- Helps with debt management
- Saving money on Interest
- Longer Repayment Period
- Lower Monthly Payments
- Gives you Peace of Mind



BEING
FINANCIALLY
FIT

IS CRITICAL IF YOU
WANT TO BE

#LIFEREADY



Financial Foundations

Understand the basics of some key financial concepts.



[Explore](#)

Building Financial Capability

Understand how to better manage your money and avoid some common financial dangers.



[Explore](#)

Investing in Your Future

From paying for college to developing saving strategies, learn how to be more financially prepared in the years ahead.



[Explore](#)

Owning a Home

Explore the benefits and costs of buying and owning a home.



[Explore](#)

Preparing for Retirement

Learn what, when, why, and how you should prepare for an eventual retirement.



[Explore](#)

Personalized Learning

Create your personalized playlist here!









[Explore](#)



Building Financial Capability

0 of 6 in progress, 0 completed

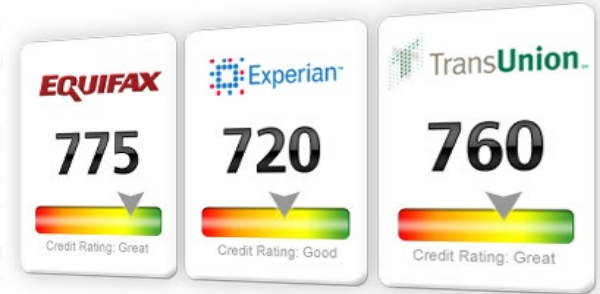
Playlist

-  **Identity Protection**
Learn how to protect your identity and personal information. **FEATURED**
5 MIN [Start ▶](#)
-  **Creating a Budget**
Learn strategies, tips, and tools to stick to your budget and achieve your financial goals. 5 MIN [Start ▶](#)
-  **Credit Scores and Reports**
Why establishing and maintaining strong credit matters so much for your financial health. 5 MIN [Start ▶](#)
-  **Debt Management**
Climbing out of debt takes having a plan. Learn how to use your budget to pay off your debt. 5 MIN [Start ▶](#)
-  **Family Conversations about Money**
Learn about topics, strategies, and best practices for having family conversations about money. 7 MIN [Start ▶](#)
-  **Taxes: The Basics**
Understand why managing your taxes is so important. 5 MIN [Start ▶](#)



Know What You Owe

- Review your Credit report
- Review your credit card statements
 - Rates
 - Fees
 - Other Fees and charges



Free Credit Report



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Resources






Budgeting Tools

- [Daily-Weekly Expense Tracker](#)
- [Spending Plan Worksheet](#)
- [Transaction History Review](#)

Current Scams

[View Current Scams](#)

Additional Resources

- [Request a copy of your Credit Report](#) 
- [Consumer information provided by NCUA](#) 
- [Financial Literacy provided by NCUA - Pocket Cents](#) 
- [How to Reclaim Your Funds from the DC Government \(PDF File, 136kb\)](#)
- [Calculate your Share Insured Funds](#) 
- [Federal Trade Commission](#) 

AnnualCreditReport.com

The only source for your free credit reports. Authorized by Federal law.



Talk to your Creditors

- ▶ Contact each creditor before they contact you and explain your financial situation. Most creditors will work with you if you give them a realistic repayment plan and follow through as promised.
- ▶ Some creditors may even refinance the debt to reduce the size of your monthly payments if they are convinced that you are seriously trying to resolve your financial problems.



Determinants of Debt Consolidation Loan

- Credit → Financial Trustworthiness
- Level of Confidence
 - Ability to repay – Debt to Income
 - Repayment History
 - Credit Score
- Collaterals (secured loans)
 - Savings
 - Vehicles
 - Real Estate



Type of Debt Consolidation Loans

- Secured
- Unsecured
- Mortgages (Refinance - cash out)
- Credit Cards – Balance Transfers



External Options for Consolidation Loans

- ▶ Interest rates fluctuate between 7.99% and 36% depending on your credit score
- ▶ <https://www.nerdwallet.com/blog/loans/whats-a-good-interest-rate-on-a-personal-loan/>



Unsecured Personal Loan

Annual Percentage Rate (APR)

Term (months)	12	24	36	48	60	72	84	96
Rates as low as ¹	5.85%	6.35%	6.85%	7.35%	7.85%	8.35%	8.85%	9.35%
Monthly payment per \$1000	\$86.00	\$44.49	\$30.82	\$24.11	\$20.21	\$17.71	\$16.02	\$14.84



Balance Transfer Promotion

- ▶ Transfer and save with 0% introductory rate for 12 months
 - ▶ Platinum Card
 - ▶ Rewards Card
- ▶ No balance transfer fees
- ▶ No annual fees
- ▶ March 31, 2020



Bonus Dividend Awarded





FINANCIAL

Wellness Matters



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Hours of Operation

M, T, Th, Fri – 8:00am-3:00pm
Wednesday - 8:00am-1:30pm



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