The Credit Union Difference

Better Value
As a not-for-profit, HUECU puts members first in the form of better rates on savings and loans, lower & fewer fees, and more free services and perks.

Better Service
Credit unions consistently outperform banks in metrics of customer service and satisfaction. You have a name not just an account number here.

Better Business Model
The member controlled co-op model is always focused on operating in the best interests of our members.

Better For the Community
Your money stays local when you bank with HUECU. We give back to our community by offering financial education programs and support for local charitable organizations.
THRIVE
Financial Wellness

Free Financial Counseling, Blogs, Workshops, Worksheets, Short Videos, Calculators and online education portal.

HUECU.ORG/THRIVE
STEP 1

What Are Your Goals?
This activity book may be helpful for those who:

- Have experienced a sudden change, such as loss of income
- Desire more clarity on their short-term financial plan
- Feel motivated to take action, but aren’t quite sure where to start
You Are Here

- What do you owe?
- What's your credit score?
- Calculating cost of debt
## Calculating the Cost of Your Debt

<table>
<thead>
<tr>
<th>AMOUNT</th>
<th>APR</th>
<th>TERMS</th>
<th>MONTHLY PAYMENT</th>
<th>TOTAL INTEREST PAID</th>
</tr>
</thead>
<tbody>
<tr>
<td>$10,000</td>
<td>7.5%</td>
<td>120 MONTHS</td>
<td>$119</td>
<td>$4,244</td>
</tr>
<tr>
<td>$5,000</td>
<td>18.0%</td>
<td>60 MONTHS</td>
<td>$127</td>
<td>$2,618</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TOTAL AMOUNT</th>
<th>MONTHLY PAYMENT</th>
<th>TOTAL INTEREST</th>
</tr>
</thead>
<tbody>
<tr>
<td>$15,000</td>
<td>$246</td>
<td>$6,862</td>
</tr>
</tbody>
</table>
STEP 2

Debt Repayment Strategies
**Snowball and Avalanche Methods**

**Snowball**

Focuses on smallest amount of debt.

- Make minimum payments on each debt monthly
- Make extra payments on the smallest loan
- When paid off, move to the next smallest loan debt

**Avalanche**

Focuses on highest interest.

- Make minimum payments on each debt monthly
- Make extra payments on the highest interest rate loan
- When paid off, move to the next debt with the highest interest rate.
DEBT SNOWBALL
Focuses on the smallest amount of debt.

DEBT AVALANCHE
Focuses on highest interest rate.
A Little Goes a Long Way

<table>
<thead>
<tr>
<th>MONTHLY PAYMENT</th>
<th>TOTAL INTEREST PAID</th>
<th>TERMS</th>
</tr>
</thead>
<tbody>
<tr>
<td>$200</td>
<td>$1,858</td>
<td>60</td>
</tr>
<tr>
<td>$225</td>
<td>$1,609</td>
<td>52</td>
</tr>
<tr>
<td>$250</td>
<td>$1,421</td>
<td>46</td>
</tr>
</tbody>
</table>
STEP 3

Know Your Options
Talk With Lender

Speak with Decision Maker
Explain your situation to determine whom can best help you.

Ask About
Interest Rate Reduction, Loan Deferment, Loan Forbearances, Loan Extension and Consolidation

Propose New Payment
Calculate how much you can pay and discuss repayment options with your lender.

Have a Paper Trail
Keep notes on your conversations, including names of those you spoke with.
What is Refinancing?

A new loan that pays off your previous loan.

BENEFITS OF REFINANCING

- Lower interest rate.
- Extended loan terms, leading to lower monthly payment.
- Typically, no application fee and no prepayment penalties.
## Benefits of Refinancing

**$10,000 Loan with $200 Payments for 60 Months**

<table>
<thead>
<tr>
<th>Interest Rate</th>
<th>Monthly Payment</th>
<th>Total Interest Paid</th>
<th>Terms</th>
</tr>
</thead>
<tbody>
<tr>
<td>7%</td>
<td>$200</td>
<td>$1,858</td>
<td>60</td>
</tr>
<tr>
<td>5%</td>
<td>$189</td>
<td>$1,323*</td>
<td>60</td>
</tr>
<tr>
<td>5%</td>
<td>$200</td>
<td>$1,237*</td>
<td>57</td>
</tr>
</tbody>
</table>

*Does not include prior interest paid on original loan.*
What to Consider Before Refinancing

*Some lenders offer interest rate discounts for automatic loan payments.

**Interest Rate**
Compare interest rate, and whether it is fixed, variable or hybrid.

**Benefits**
May lose benefits associated with original loans.

**Credit Score**
A higher credit score may mean lower interest rate.
Look for Lower Rates

- Personal Loans
- Refinancing Loans
  - Mortgage Refinancing
  - Auto Refinancing
  - Student Loan Refinancing
- Debt Consolidation Loans
- Credit Card Balance Transfers
Debt Management Plan

- Reduces interest rates on debts
- Provides financial counseling
- Cost based off state ($75 max monthly in MA)
- Debt Management Plans are NOT the same as Debt Settlement
**Debt Management Plan By The Numbers**

An example of GreenPath Financial Wellness’ program. Member is estimated to payoff unsecured debts 40 months sooner and save $31,960.

<table>
<thead>
<tr>
<th></th>
<th>Currently</th>
<th>On GP Program</th>
<th>Your Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interest Charges</strong></td>
<td>$573.13</td>
<td>$234.22</td>
<td>$338.91</td>
</tr>
<tr>
<td><strong>Late/Overlimit Charges</strong></td>
<td>$150</td>
<td>$30.00</td>
<td>$120.00</td>
</tr>
<tr>
<td><strong>Service Fee</strong></td>
<td>$0.00</td>
<td>$50.00</td>
<td>($50.00)</td>
</tr>
<tr>
<td><strong>Principal Payment</strong></td>
<td>$75.87</td>
<td>$484.76</td>
<td>$408.91</td>
</tr>
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</table>
GreenPath Financial Wellness offers free credit, budget and COVID-19 counseling.

HUECU.ORG/GREENPATH
Next Steps

STAY MOTIVATED

STAY INFORMED

TAKE ACTION

WHAT WILL YOU DO?

✓ Today
✓ This week
✓ This month
Survey Says

Be sure to let us know what you thought of this webinar in our online survey.

HUECU.ORG/SURVEY
Disclaimer

This presentation is a general overview of principles you may want to consider. Only you can decide what is best for you. This presentation is educational in nature and is not intended to be, and should not be construed as tax, legal or investment advice. You should always consult a certified advisor for advice on your specific situation. The examples used in this presentation are for illustrative purposes only.
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