



Tips on Prioritizing Your Debt Repayment

1

First, make a list of all your outstanding debts, alongside your other monthly expenses, so you know exactly what you owe and where the money is going.



Credit cards



Car payments



Private student loans



Public student loans

2

If you're able, try to pay at least the minimum amount due each month for all your debt payments, in order to prevent falling behind and having any principal and interest amounts piling up.



3

If you're struggling to meet the minimum payments on all, consider which payments will have the biggest impact on your credit and financial health, and prioritize those.



*For example: currently, delinquencies on federal student loans are not being reported to the credit bureaus – so missing payments on those loans may have less of an impact on your financial health than missing payments on private loans or credit cards.**

4

Choose a debt repayment strategy that works best for you.
For example:



Avalanche Method

- Order your debts from **highest to lowest interest rate**.
- Each month, use any extra money you have to pay down your **highest-interest debt** by making more than the minimum payment amount.
- Once that is paid off, put extra money towards the debt with the **next highest interest rate**, working your way down the list.



Snowball Method

- Order your debts from **lowest to highest balance**.
- Each month, use any extra money you have to pay down your **lowest-balance debt** by making more than the minimum payment amount.
- Once that is paid off, put extra money towards the debt with the **next lowest balance**, working your way down the list.

*This leeway on federal student loans is in effect through September of 2024

Please note that, while we have compiled some helpful information, Climb is not a financial advisor. You should consult a professional if you have any questions or concerns about your finances.

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