

## PowerPay your Debts

By: Katelyn Andersen, MSU Extension Agent

As January approaches, you may be looking at debts accumulated from last summer's remodeling projects, vacations or holiday expenses that you put on credit cards. What is your plan for paying off those debts? Looking debt straight in the eye and making a plan now may help make the situation easier to handle rather than waiting until after the holidays.

Debt can easily be accrued and the holidays can compound the situation when family traditions and gifts to friends are expected or perceived to be necessary to enjoy the season. Even if your debts are routine, like a car loan, or more problematic, like a growing balance on high-interest credit cards, paying extra toward those debts can save you money and get you out of debt quicker. According to Dr. Marsha Goetting, MSU Extension Family Economics Specialist, many families are experiencing a serious credit crunch, with one national study indicating that the average credit card debt is over \$16,000.

**What is PowerPay?** Debt can seem overwhelming with no light at the end of the tunnel. Fortunately, the Extension faculty at Utah State University (USU) developed a program for consumers to help them visualize their debt and financial choices. The program, PowerPay, is free and confidential to consumers. People can fill out the "PowerPay" computer debt analysis form at <https://powerpay.org> to learn how to make Power Payments to reduce overall debt. USU Extension recommends making a Power Payment by paying off debt one at a time and once that debt is paid off the monthly payment is applied to the next debt. Money from paid loans continues to be combined towards other debts until all are paid. The total amount of money paid towards these debts each month is held constant until all are paid. It is not necessary to come up with extra money to be successful.

**Okay, how do I start?** Registration is easy and the program is user friendly. There is even a guide that shows the simple steps to enter your information with related questions and answers. The program also shows how much you would save in time on the loan and interest if you decide to make a little extra payment each month towards debt. The money you save could be used for other financial goals such as a family vacation or retirement.

**There's even more resources!** In addition to the PowerPay tool, there are many more resources to aid consumers when managing their finances. Resources include developing a spending plan, which focuses on creating a budget; power saving, which provides many calculators to help analyze saving options for your family; and general financial calculators. Plus, the education center has articles and guides on budgeting, credit, debt management, how to create a financial binder, finance resources, tips on living within your means, and so much more!

Family debt can be overwhelming. Take a few minutes to register and check out the resources that are available at your fingertips!

Members of the Bitterroot Financial Education Coalition, a project of the Bitter Root RC&D, will present a monthly column about personal finances. If you would like to request a workshop on this topic or another financial topic, please contact Katelyn Andersen, 375-6611 or [katelyna@montana.edu](mailto:katelyna@montana.edu)

The Bitterroot Financial Education Coalition is a partnership of Ravalli County organizations working to improve lives and strengthen our community by providing access to financial education that prepares individuals for life-long success in problem solving, decision making, and personal financial competence. Information referenced from Utah State University Extension website PowerPay, <https://powerpay.org>.