

Managing Debt Successfully

1 Why is it important to manage my debt?

\$6,365

is the average credit card debt owed by consumers in 2023.

61%

of the American adult population is carrying credit card debt, making it the most popular form of debt.

\$103,358

is the amount of personal debt, on average, that Americans carry

2 How does debt fit into my financial plan?



Understand that debt can be beneficial.
A mortgage, for example, can allow equity to build toward future profit.



Avoid using assets invested or held in tax-sheltered retirement accounts.



Understand the cost vs. benefit of debt. Don't take on more debt than necessary and maintain a household budget.

How Much Debt is Acceptable? Consider Your DTI

Formula for Calculating Debt to Income Ratio

$$\frac{\text{MINIMUM DEBT PAYMENTS}}{\text{GROSS INCOME}} = \text{DTI\%}$$

▶ DTI should be as low as possible and should not exceed 43%

3 What debt management strategies will work best for me?

Finding the right strategy to manage your debt can help pay debt off faster and reduce the total amount of money you pay over time.

Refinancing



Involves applying for a new loan or line of credit with better terms to replace an existing account.

Consolidation



Involves applying for a new loan or line of credit with better terms to replace multiple debt accounts.

Always Review Costs & Benefits

- Refinancing or consolidation may not always make sense.
- Avoid increasing long term costs.
- Read the fine print and ask for total cost comparisons.

Try These Debt Management Strategies

- 1 Explore Refinancing Options
- 2 Consider Debt Consolidation
- 3 Prioritize payoffs strategically

Tips for Debt Success



Maintain a household budget



Payoff delinquent debts first



Build an emergency cash fund



Review your debts regularly



Make at least your minimum payments to avoid late fees



Utilize debt management techniques



Pay credit card in full to avoid interest



Be strategic about credit use

Manage your debt by making a list of your current debts, deciding if you need a management strategy, reviewing your debts regularly and staying focused on the bigger picture!

▶ Contact your HORAN Wealth representative at 513.745.0707 and visit www.horanwealth.com for more information.

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