



UNITED STATES
SENATE FEDERAL
CREDIT UNION

A FRESH START

Debt Consolidation Strategies



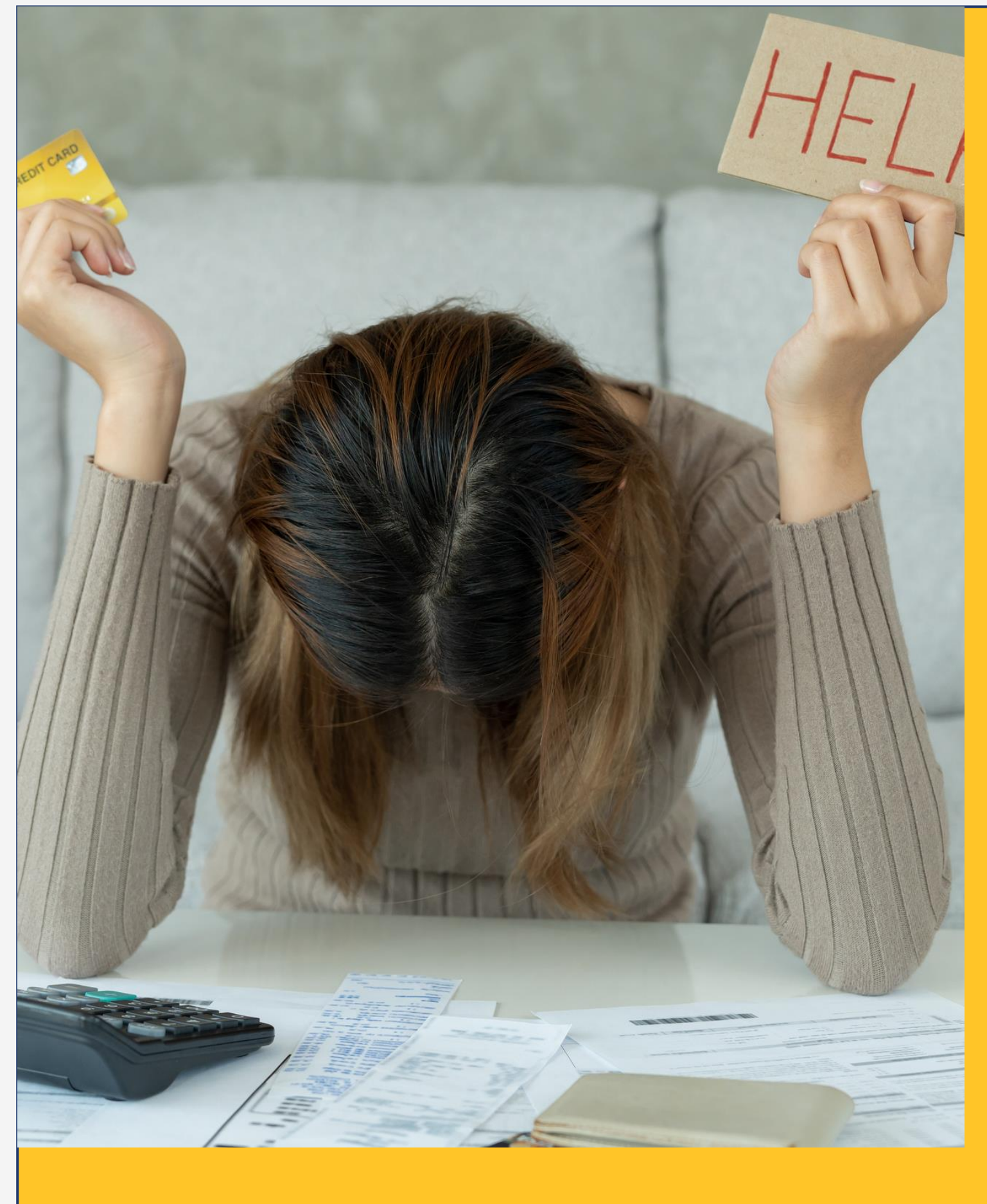
TODAY'S AGENDA

- **What is Debt Consolidation?** Definition and benefits
- **Types:** personal loans, balance transfers, home equity loans, debt management plans
- **Impact on credit:** short- and long-term effects
- **Pros and cons:** when it's a good choice or not
- **Resources:** tools and guidance for debt repayment assistance.



WHAT IS DEBT CONSOLIDATION?

- Combines several debts (credit cards, loans, medical debt) into one monthly payment.
- The goal: simplify payments and potentially lower interest.
- Common with high-interest debts like credit cards and personal loans.





WHY Consolidate?

- Simplify payments with fewer bills.
- Potentially secure a lower interest rate.
- Shorten your repayment term or reduce monthly payments.
- Set a clear budget with predictable payments.
- Improve your credit score over time.



MOST SAY DEBT CONSOLIDATION IMPROVED THEIR FINANCES



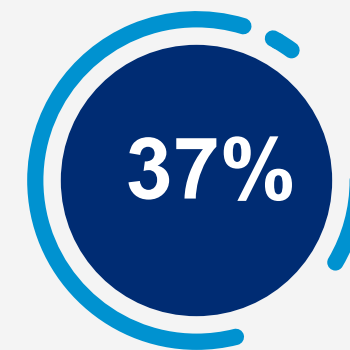
Say their finances have improved since consolidating their debt.



Are less worried about being able to afford debt payments.



Were able to consolidate all of their existing debt under one loan.

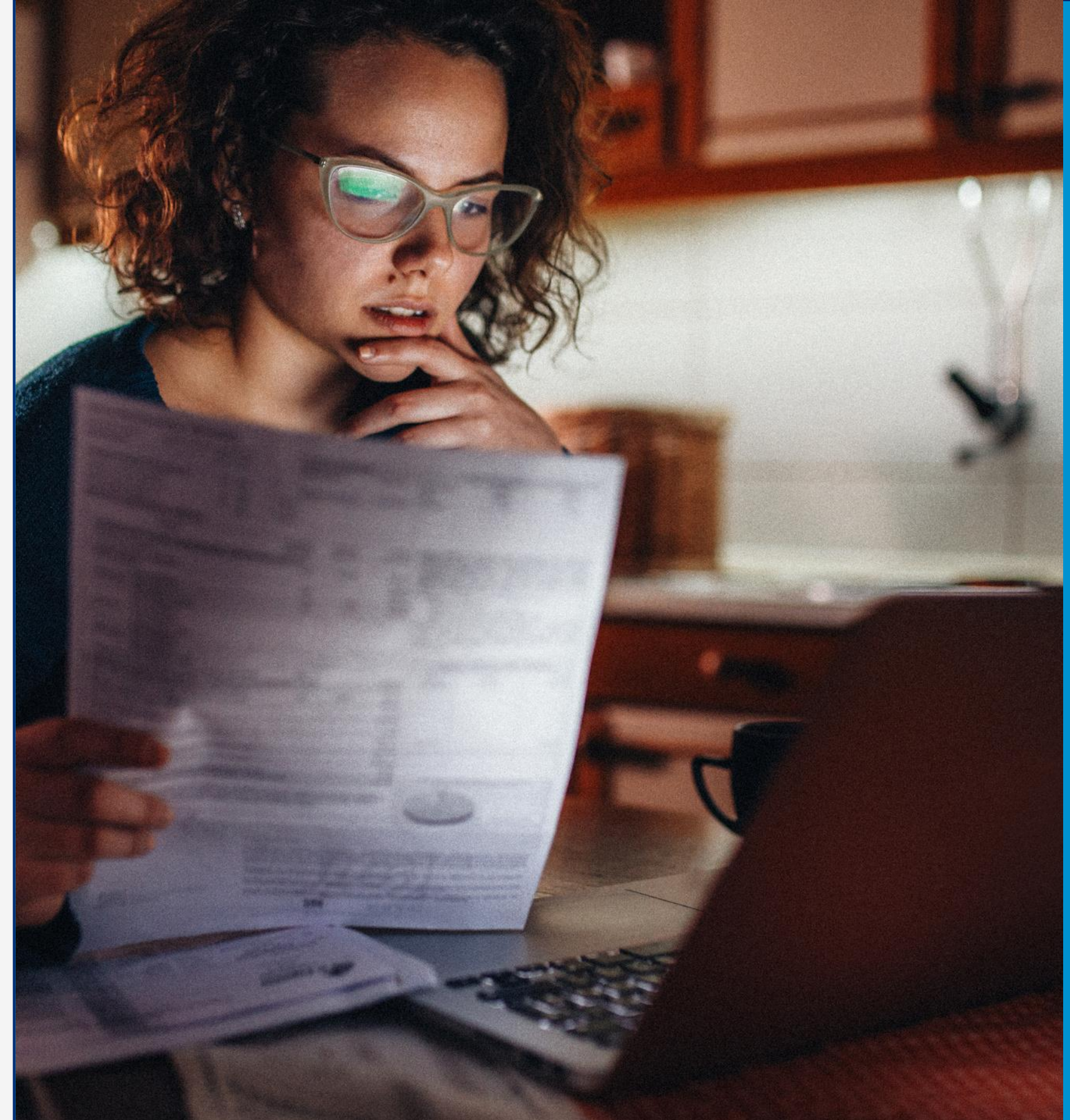


Are able to allocate more income toward savings.

IS CONSOLIDATION RIGHT FOR YOU?

YOU MAY BE READY TO EXPLORE DEBT CONSOLIDATION IF:

- You have a good credit score.
- You carry multiple high-interest debts.
- You have enough cash flow to cover each monthly payment.
- You're motivated to stick to a repayment plan.

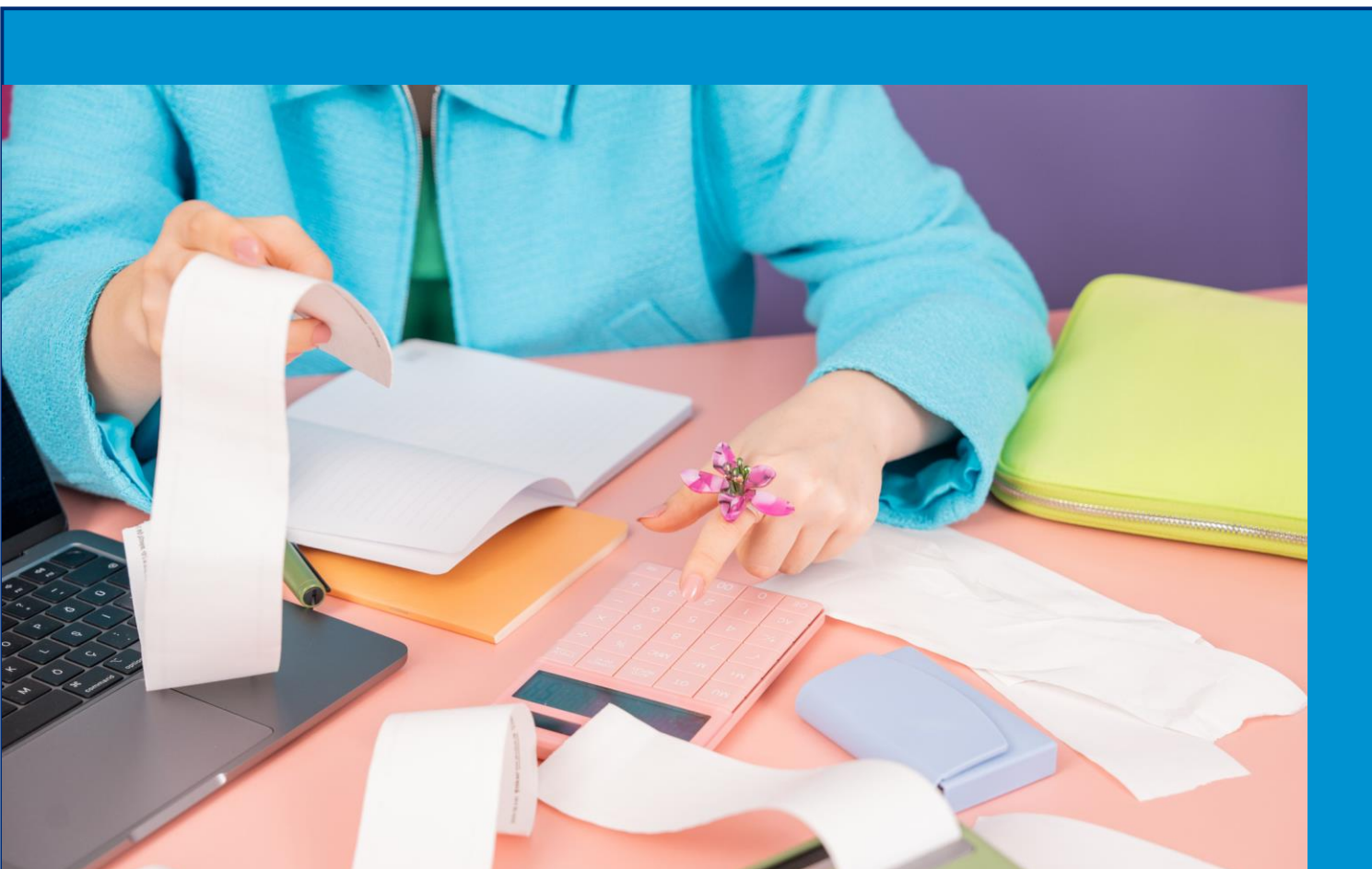




GETTING PREPARED TO CONSOLIDATE

STEPS TO TAKE:

- **Evaluate your financial situation** by listing income and expenses.
- **Compile a complete list of debts** with balances, interest rates, and payments.
- **Set a goal for your consolidation** (e.g., lower payments or faster debt payoff).
- **Pull credit reports** for a complete overview of all debts at [AnnualCreditReport.com](https://www.annualcreditreport.com).



WAYS TO CONSOLIDATE DEBT

PERSONAL LOAN

- Borrow a lump sum at a fixed interest rate.
- Ideal for consolidating multiple debts into one payment.

HOME EQUITY

- Use the equity in your home as collateral to secure a loan or revolving line of credit.
- Suitable for larger debt amounts due to typically lower interest rates.

BALANCE TRANSFER

- Transfer high-interest balances to a card with better terms.
- Great for maintaining flexibility without fees.

DEBT MANAGEMENT PLAN

- Work with a credit counseling agency to consolidate payments and negotiate rates.
- Best for those who need guidance and can't qualify for traditional consolidation options.

PERSONAL LOANS

- **Fixed interest rate** for predictable payments.
- **Potential interest savings** compared to credit card rates.
- **Lower monthly payments** depending on loan terms.
- **No collateral required**—unsecured loan.
- **No origination fee or prepayment penalty** at USSFCU.



VISA® BALANCE TRANSFERS

- **\$0 balance transfer fee**—move your balances without upfront costs.
- **Save on interest** with a low APR.
- **No annual fee**—more savings every year.
- **No penalty APR**—your rate won't increase if you miss a payment.





HOME EQUITY LOANS

- Maximum loan amount determined by the equity you've accumulated.
- Fixed rate and payment to protect against rising interest rates.
- Set monthly payments for easy budgeting.



HOME EQUITY LINE OF CREDIT (HELOC)

- Continuous access to credit, based on available equity.
- Low variable rates.
- Flexible payment options, including fixed and interest-only.

DEBT MANAGEMENT PLAN

- No minimum credit score requirements.
- Balances typically paid in full within 3–5 years.
- One consolidated payment sent to GreenPath Financial Wellness.
- Accounts included in the plan will be closed.
- Small setup and monthly maintenance fee, regulated by state law.

DOES DEBT CONSOLIDATION AFFECT YOUR CREDIT?



Short-term:

Temporary dip from credit inquiry.

Long-term:

May improve credit if payments stay consistent.

Key to success:

Avoid taking on new debt.
Stay on track with payments.

WHEN DEBT CONSOLIDATION IS A SMART MOVE



- You want to simplify multiple payments into one.
- You can secure a lower interest rate.
- You have a consistent income to support regular payments.
- You want to pay off your debt faster.

WHEN DEBT CONSOLIDATION ISN'T WORTH IT

- You can't commit to consistent payments.
- You have a very low credit score, limiting loan options.
- Your debt amount is small and could be managed with budgeting.
- You plan to continue using high-interest credit after consolidating.





Resources

GreenPath Financial Wellness

- Budget and Credit Report Reviews
- Rent, Mortgage, and Homebuyer Counseling
- Options to Deal with Debt
- Student Loan Counseling

[GreenPath.com/ussfcu](https://www.greenpath.com/ussfcu) | 877-337-3399

USSFCU Wellness Center

- [Coach: Get Out of Debt](#)
- [Debt Payoff Calculator](#)
- Repairing Credit
- Debt Strategies, Tips and Tools

ussfcu.banzai.org/wellness | 800-374-2758

