

## Debt Repayment Plans



# \_\_\_\_\_

Name \_\_\_\_\_

Google "It's A Money Thing Synergy Union" and enroll in "It's A Money Thing Academy." Enroll in the Borrowing Unit and go to the Debt Repayment Tab.

Watch the video and review the infographic and record the information to help you understand the three debt repayment options they explain.

Once you understand the three options shared in the program, use them to analyze the following scenario.

Trenton is 29 years old. He has been living the life of a student mixed with travelling for the last ten years. He has finished his degree and come to the realization that he needs to get his debt under control before he can even start thinking about purchasing a home in the future.

- He has \$15,000 in student line of credit. His minimum monthly payments are \$125 and the interest rate on that debt is prime plus 3.
- He has two credit cards he has used mostly for travel. His RBC card charges 19.9% and he has a balance of \$9,000 on it. His minimum monthly payment is \$300. His Scotiabank Visa Card has a balance of \$3,000 (minimum payment is \$100) and an interest rate of 17.9%.
- He still owes \$8,000 on his Toyota Camry. His monthly payments are \$450.00 and he pays 7.5% interest.

What are the three things he needs to know about each debt before he can start thinking about what approach he would like to take in repaying it?

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What does each method look like? Explain what it is, how you would arrange debts, and how you would pay them back.

#1 Snowball Method

#2 Avalanche Method

#3 Consolidation

Which method is going to pay off his debt fastest? \_\_\_\_\_

If you were Trenton, which method would you choose and why?

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What advice would you give to Trenton so he does not end up in this situation again?

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