Getting strategic about debt

How to balance paying it down while saving up for your other goals

Debt is personal. There are lots of reasons people have it, not all of it is bad, and all of it can be managed. The key is finding the right balance based on your life and financial situation. Our approach to financial planning is all about that balance — designing your personalized plan for your life and priorities and adjusting your financial strategies as those priorities change. Understanding the different types of debt you have and prioritizing paying off some before others is the first step in striking that balance, so you don't miss out on the valuable time it takes to grow your money, too.

You might hear people talk about "good" debt and "bad" debt — it all requires you to pay interest, but some debt comes with a built-in advantage. Student loans, for instance, are an investment in your or your children's future, and a home loan is secured by the value of your house, which builds equity over time. But even a home mortgage can be considered bad debt if you're buying a home outside of your means. And credit card debt is always considered bad debt.

No matter what type of debt you have, here are some simple steps to help you tackle it strategically:

1. **Make a list of all your debts and see if you can lower any of your interest rates.**
   You may be able to lower the rate on your credit cards just by asking, especially if you have a good credit score.

2. **Determine how much extra money you can put toward your debt.**
   Look at your take-home pay and decide how much you can comfortably put toward paying down debt without sacrificing other important goals like building up your emergency fund or saving for retirement.

3. **Pay high-interest debt first.**
   Make sure to make the minimum monthly payment on all your debts, then put any extra money toward paying off the one with the highest interest rate first.

4. **Keep any future debt in check.**
   There might be times when paying off debt isn't the best financial decision. Like when the market is performing well, you may want to invest more instead of paying down a low-interest-rate mortgage. This is when working with a financial advisor makes sense. They'll be able to evaluate your personal situation and recommend the right strategies for your life and your goals.

Ready to get started on your plan? We're here to walk you through it and will be there every step of the way.

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