



PowerPay© Debt Reduction Analysis

Introduction

The PowerPay computer program is an educational tool that allows you to see the impact of power payments in individualized consumer debt situations. PowerPay calculates what repayment time and interest costs will be if you continue making payments at the current level.

It is often shocking to see how much it will cost and how long it will take to be debt free.

PowerPay© calculates the possible savings by using power payments in three scenarios:

- Paying off creditors with the highest interest rates first
- Paying off creditors with the lowest balances first
- Paying off creditors with the shortest terms first

PowerPay can also accommodate customized repayment sequences or adding an optional additional amount should extra money become available. All of the information is available on printouts and can involve as many as 99 creditors.

Highlights of the Program

Getting out of debt is the best investment you can make. It is a truly risk free investment that can produce double digit returns by reducing the amount of interest paid. Getting out of debt creates flexibility. It allows you to decide how to use your money rather than being tied to fixed payments to creditors. Flexibility gives more maneuvering room in case of financial setbacks or opportunities.

Reducing consumer debt may also help when qualifying for a mortgage. Even if your income is high, many lenders will disqualify loan applications if the applicants are carrying too much debt. PowerPay gives you individualized information to help make debt reduction decisions. Be in control of your credit!

Explore the Possibilities

You can compare several ways of trimming credit costs.

- Review savings in interest costs and months to repay or any customized sequence
- Easily compare debt pay-off sequences for maximum emotional boost from early debt repayment
- See impact of adding a little extra to the total monthly payment
- Calculate savings from making a one-time lump sum payment at a specified future date
- Explore possible savings from consolidating some or all of the debts
- Compare costs of making declining minimum payments to costs of making fixed payments
- A debt reduction calendar outlining month-by-month how much to pay each creditor
- Amortization schedule on any creditor can be printed or viewed on screen
- All evaluations can be printed or saved to disk files

To Obtain Your Debt Analysis

If you are interested in a debt reduction analysis, contact your local Cooperative Extension Office or contact Gail Gordon, Business Development and Family Economics Specialist, at the University of Wyoming Cooperative Extension Service state office at (307) 766-5373. You also can fill out the worksheet and mail it to the state office. The analysis is ***completely confidential***. If you would like to discuss how your personal information is used and handled, please feel free to contact Gail Gordon. If you are not a participant in the Money 2000 and Beyond™ Program, there is a charge of \$5.00 for a debt reduction analysis to cover the cost of the printing and handling.

Source: PowerPay© Computer Program was developed by F. Dean Miner, Jr., Extension Agriculture Agent, and Judy L. Harris, Family and Consumer Sciences Educator, Utah County, Utah State University Extension, 1999.

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