



T.RowePrice

Financial Wellness: Debt Management

T. Rowe Price



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Agenda

- Step by step: Debt payoff priorities
 1. Importance of an emergency fund
 2. Short-term high-interest debt
 3. Debt ratios
 4. Long-term debt and student debt
 5. Credit
- Tools and resources
- Confidence Check-In[®] conversation
- Monitor your account
- Q&A



Step by step: Paying off debt



Step 1: Importance of an emergency fund

**Starter
emergency
fund**

\$1,000–\$5,000

**Have it
when needed**

Keeps Other
Goals on Track

Timeline

1–2 Years

**Emergency
savings**

3–6 Months
of Expenses

Step 2: Paying off debt

Behavioral approach

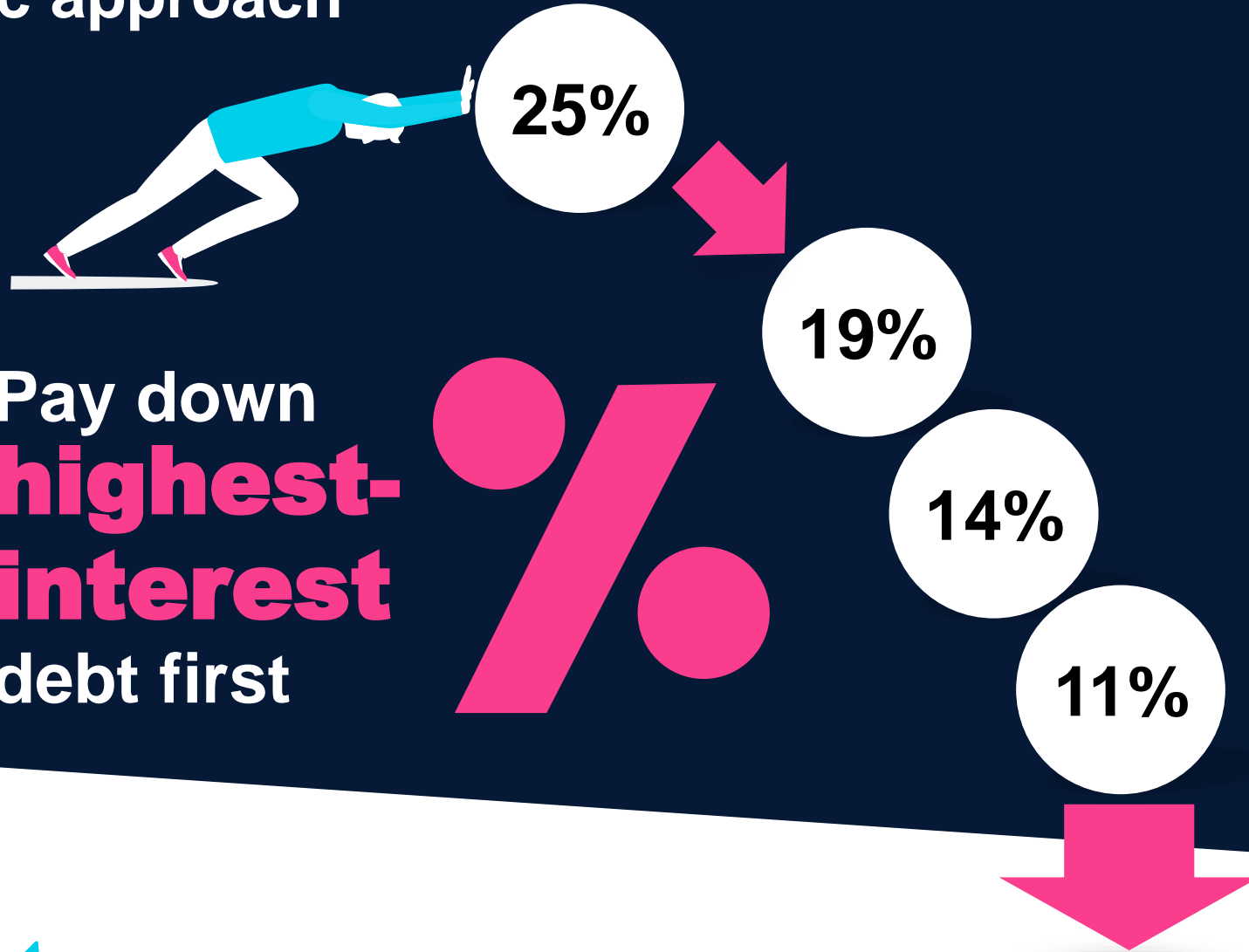
Tackle **lowest balances first**, and accelerate payments

Economic approach

Target **highest-interest cards first**, and accelerate payments

i Once a card is paid off, reallocate payments to the next card you plan to tackle

Economic approach



Target highest-interest cards **first**, and **accelerate** payments

Behavioral approach



Step 3: Debt-to-income ratios



**Housing and
consumer debts**

**Less than
36%
gross income**



**Housing
debt**

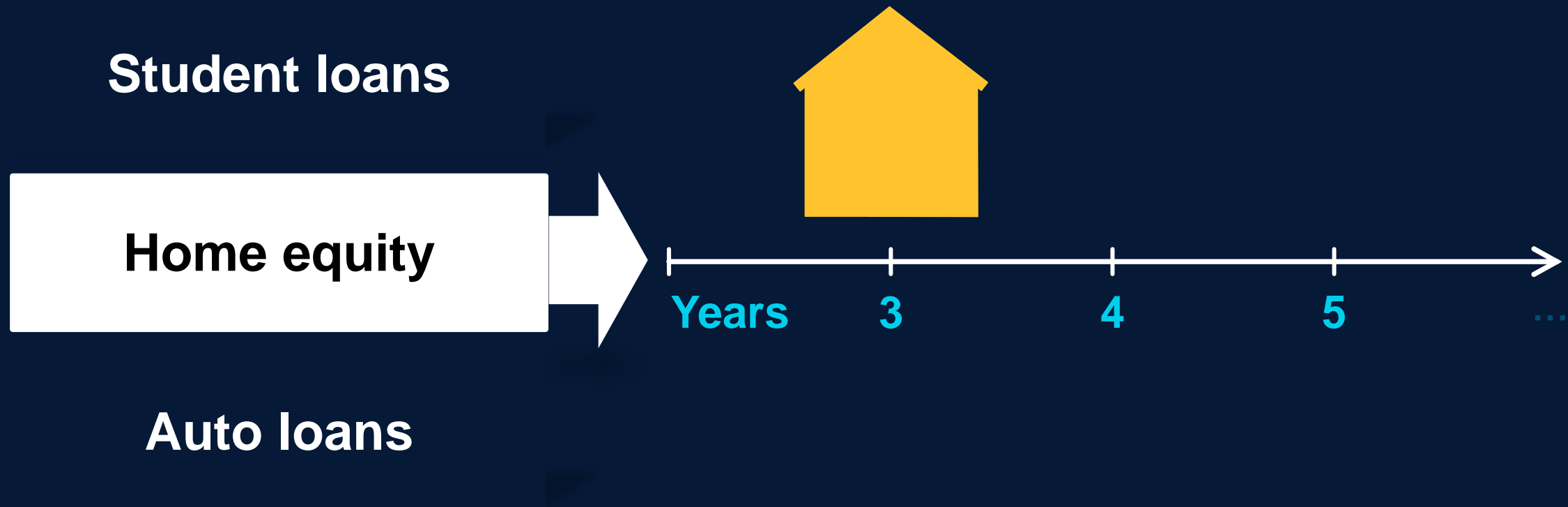
**Less than
28%
gross income**



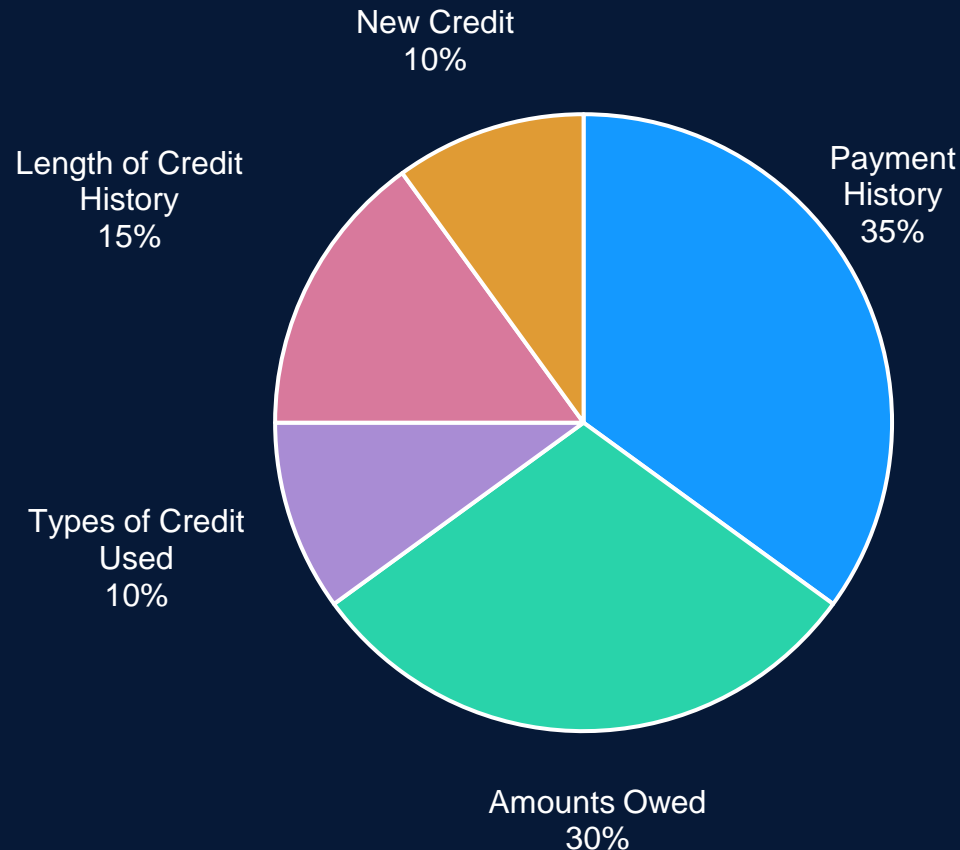
**Consumer
debt**

**Less than
20%
net income**

Step 4: Manage long-term debt and savings goals



Step 5: Check your credit score

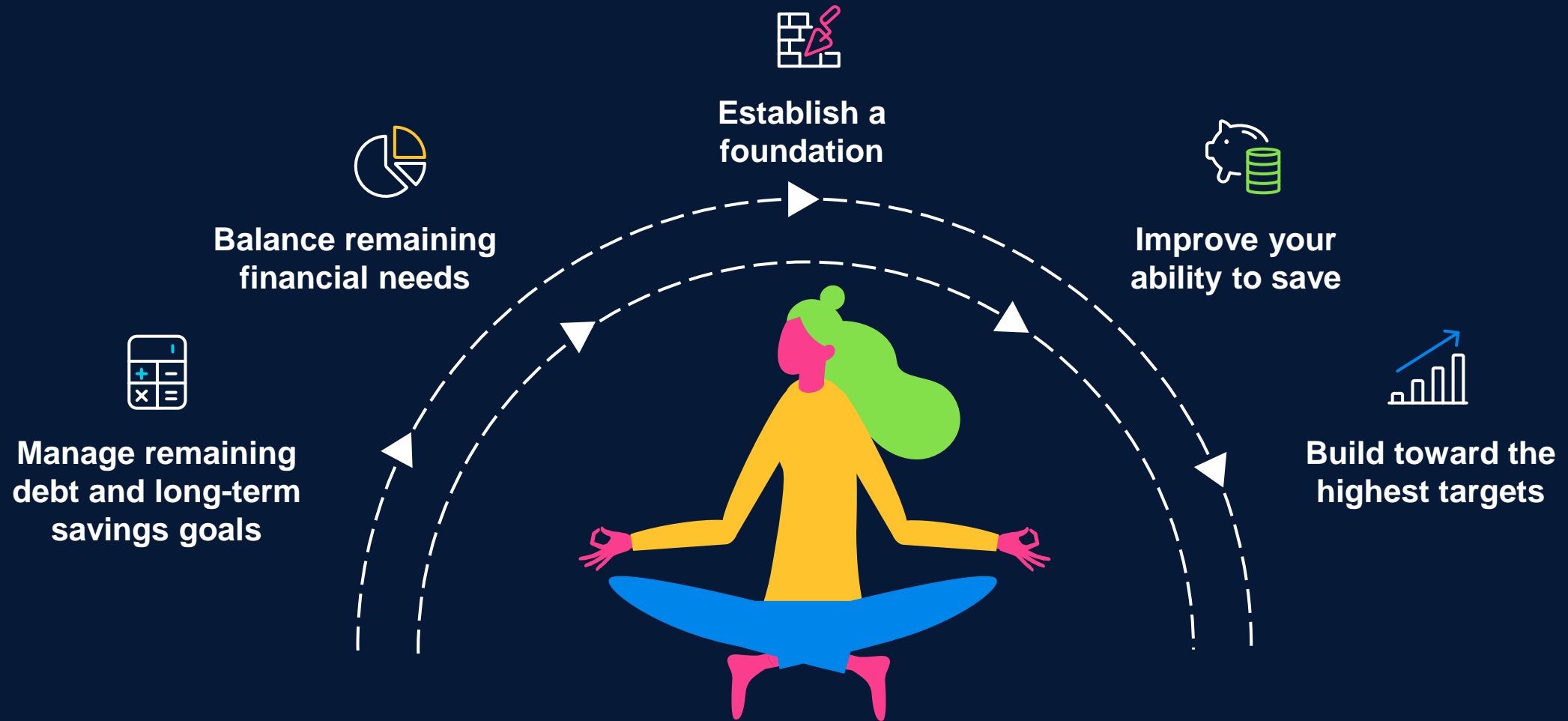


35% of your credit score is impacted by payment history

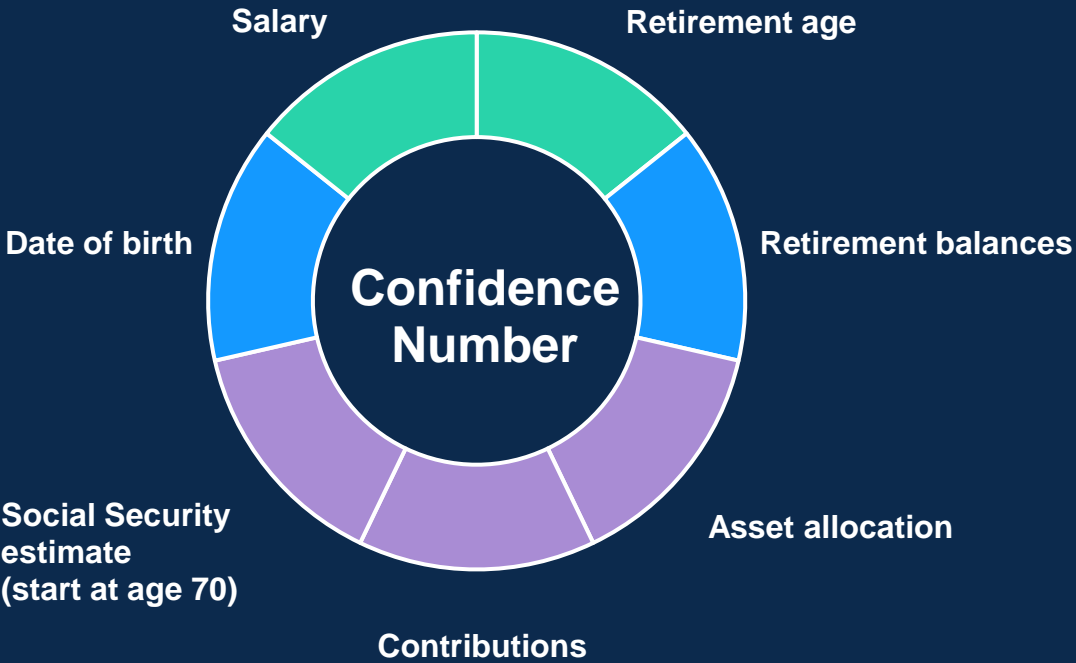
30% of your credit score is based on the amount owed on outstanding debt

3 Credit reporting agencies. Each agency allows one free credit report a year

Summary: Financial wellness



Tools and resources



**Education
library**



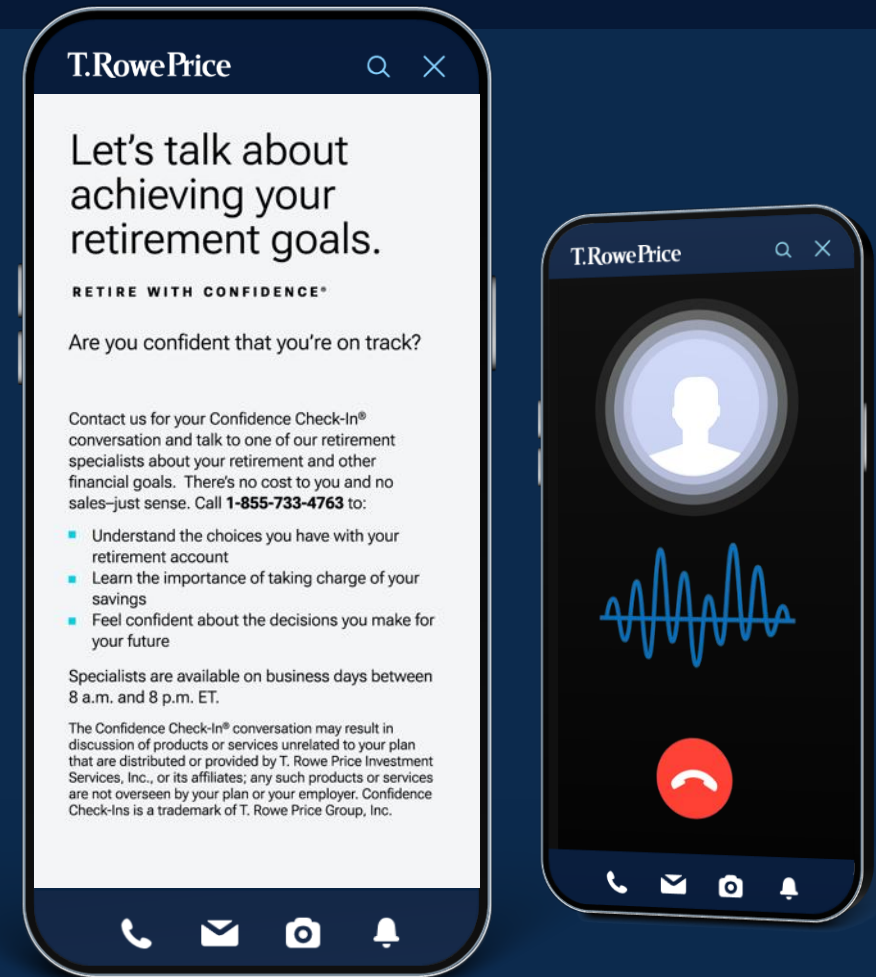
Podcasts



Confidence Check-In® conversation

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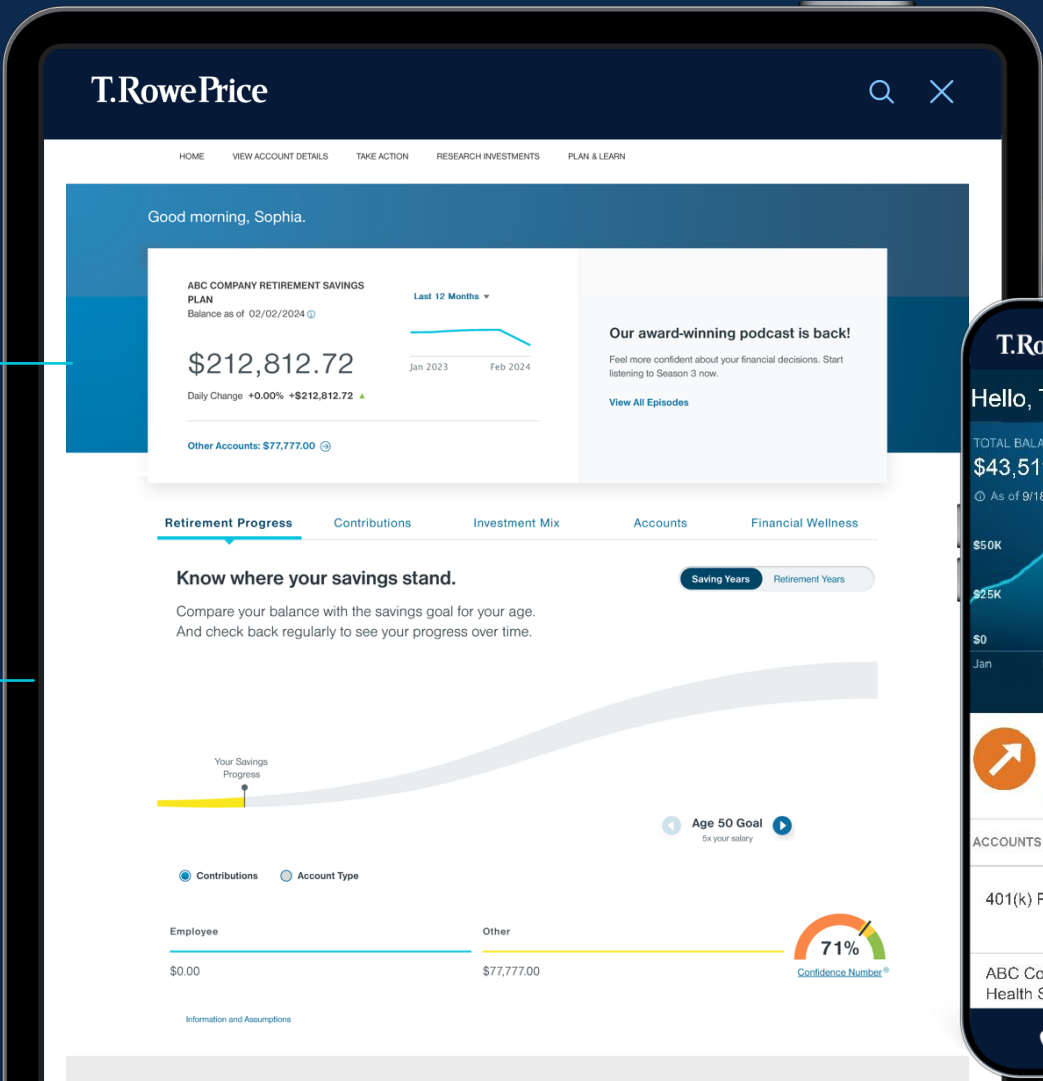


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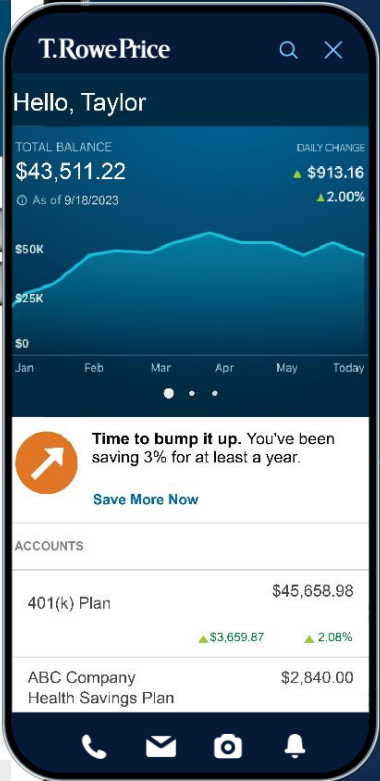
Monitor your account

Quickly view and **access accounts and balances**

Check in on your **progress toward retirement**



Log in wherever you are, whatever your device



Tips and tools to help you plan for retirement, save for college, pay down debt, and more

Call or scan the QR Code below to get started

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