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Education First
— FEDERAL CREDIT UNION —

November 2019

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In This Issue:

- **Celebrate International Credit Union Day With Us as We Give Back to Our Community**
- **Which Debt Should You Pay Off First?**
Strategies to suit your lifestyle



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Celebrate International Credit Union Day With Us as We Give Back to Our Community

The credit union movement is steeped in a rich history of collaboration across divides. For nearly two centuries, financial cooperatives have encouraged people of every race, gender and belief to come together and give their all towards the betterment of their communities. It's about people helping people. It's the way it's always been - and the way it will always be. Put simply, it's the credit union way!

Here is how it works:

- Voting will take place now through October 15.
 - You may vote through the survey above or onsite at a branch near you on October 15, ICU Day
- The number of votes determines the amount of money each non-profit will receive
 - 1st Place: \$2,500; 2nd Place: \$1,500; 3rd Place: \$1,000
- This year's non-profits that will be receiving funding are:
 - The ARC of Greater Beaumont
 - Crisis Center of Southeast Texas
 - Beaumont Rainbow Room

In a year like no other, Education First FCU has remained committed to our community through COVID-19 and throughout the hurricane season. It is that commitment that sets credit unions apart from other financial institutions and we look forward to celebrating that with you on ICU Day.

[Click here for more information on ICU Day!](#)

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Which Debt Should You Pay Off First?

Strategies to suit your lifestyle

Between credit cards, student loans, car loans and mortgages, you're probably carrying some debt. On the surface, managing your debt can seem relatively easy — just make minimum payments. However, if you'd like to pay down your debts, you have some choices to make. Namely, which debt should you prioritize? Here's a look at the advantages and disadvantages of each.

Pay off the highest interest first

If you want to make your money go the furthest, personal finance website The Motley Fool recommends paying off the highest interest debt first. With this strategy, you'll get rid of the costliest debt first, so you'll save money in the long run. However, there are potential downsides to this strategy. Your highest-interest debt may be your largest debt — such as a mortgage or a student loan. Bankrate contributor Nicole Dieker explains that it can be extremely discouraging to spend years putting your money towards paying down a large debt to end up only covering the interest.

Pay off the lowest debt first

If you enjoy the feeling of quick accomplishments, consider paying off your lowest debts first. This gives you a feeling of momentum that can be encouraging. Although you'll ultimately pay more in interest over the life of the loan, The Balance contributor Miriam Caldwell advises you to knock out your lowest debts. In addition to giving you a feel-good rush of emotions, this can help eliminate troublesome calls from collection agencies.

Pay off high-credit-utilization debt

If you're one of the many borrowers who'd like a higher credit score, consider paying down your debt with the goal of improving your credit utilization ratio. You'll have a higher credit score if your credit cards aren't maxed out. And once you have a higher credit score, you'll be able to secure a better interest rate on your future loans. If you're interested in taking this route, The Motley Fool recommends that you prioritize paying down credit cards that utilize more than 30 percent of their credit limit.

Account for tax breaks

While paying interest can feel like bleeding money, it can come with tax breaks depending on the type of loan. For instance, paying your student loan interest provides a tax break. Although this doesn't mean you should neglect paying down your student loans by only paying for interest, Caldwell explains that you may see more financial advantages to tackling your credit cards first.

When you consider your unique goals and financial situation, you may find that a hybrid approach suits your needs. For instance, you could pay down a few small debts, then switch gears and chip away at your high-interest loans. For guidance on paying down your debts, consult with a family member, spouse or financial planner. You can also search online for a debt repayment calculator, which can give you a clearer idea of how much interest you'll be paying, how large your monthly payments should be and how long it will take to pay off your debts.



