

Debt happens to the best of us— **here's how to conquer it.**

Many Americans are burdened with debt today. Whether it's paying off student loans, revolving credit card debt, or keeping up with monthly bills, people are just stressed about money.

But there's good news. This encouraging, 5-step guide is designed to help you take control of your debt and discover greater financial independence, plus find productivity at work and satisfaction in your life.

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How debt stress really affects your life.



Debt stress can tax your physical and mental health.

A shocking 65% of people today reported that debt stress impacts their physical health, while 39% missed at least one day of work in the past year due to debt-related stress or debt issues.⁽¹⁾



Revolving debt can put you further in the hole.

Carrying unpaid high-interest credit card debt from one month to the next can feel like pushing a big rock up a hill. If you're paying more than 18% interest and paying just the minimums, it could cost you thousands more and take many years to pay off.



All this debt stress can impact your work performance.

With all the physical and mental health toll that debt takes on a person, it's no surprise that it can impact work performance, too. Stress about debt can lead to missed work days and 76% of workers said they always, often, or sometimes think about their financial situation while at work.⁽²⁾

⁽¹⁾Josephson, A., Skaggs, M. and Brockland, B., 2022. *Helping Employees Manage Debt: Designing Debt-Related Benefits To Match Employee Needs and Preferences*. [online] Finhealthnetwork.org. Available at: <<https://finhealthnetwork.org/wp-content/uploads/2022/02/Employee-Debt-Report-2022.pdf>> [Accessed 31 August 2022].

⁽²⁾2022. *Employer and Employee Perspectives: The Future of Workplace Financial Well-Being*. (2022). <https://www.Sofi.com/SoFi-at-Work/workplace-2022/>.



Step one: **Identify**

Start identifying what your debt looks like.

Tackling debt begins with figuring out the kinds of debt you have: is it “good debt” or “bad debt”? (Yep, there’s a difference between good and bad—even if it all feels a bit scary.) And now’s the time to sit down with a pen and paper—or, if you’re more type A, input that data into a tidy spreadsheet—and get all your debt info into one place. Make a list of every debt owed, along with the interest rate you’re currently paying. From there, sort your debts from the highest to lowest interest rates.

Tools to help you identify your debt.

SoFi Insights

This at-a-glance feature on the SoFi app makes it easy to track and manage all your financial accounts in one place.

Student Loan Debt Navigator

This tool empowers you to understand your total student debt situation and get the advice you need, including repayment and refinancing options.

Good debt versus bad debt

Good debt is debt that could potentially increase your net worth over time. Conversely, bad debt is borrowing money at a high-interest rate to purchase assets that lose their value very quickly.

Good debt: A home or other real estate, education debt, investing in owning a business.

Bad debt: Credit cards, cars, motorcycles, clothing, handbags, furniture, stereo equipment, and more.



Step two: **Assess**

Understand your financial standing.

Some types of debt can be problematic but that doesn't always tell the whole story. Taking the **SoFi at Work Financial Self-Assessment** is like getting a look under the hood, so to speak. Answer a series of financial-related questions and within minutes, you'll see where you stand across the five core components of your financial health—spending, saving, investing, borrowing, and protecting your money. Once you get a complete picture, you can chart a solid path to reaching your financial goals.

Step three: **Prioritize**

Pay down debt—first things first.

It's always a good idea to pay down your debts in an effort to lead a debt-free lifestyle. Of course, it can be an overwhelming challenge if multiple debts are looming. Instead of giving up and declaring your debt unconquerable, you can follow one of these common debt repayment strategies—or a combination of them.

- **Debt refinance**—lower interest rates can make a big difference. If you can refi your student loans, mortgage loans, or auto loans, now's a good time to look into it.
- **Debt consolidation**—a lower-interest personal loan can allow you to roll all your debts into one simple, fixed-rate payment that could save you thousands. A home equity line of credit lets you tap into your home equity to free up much-needed cash.
- **Debt avalanche**—starting with the debt with the highest interest rate, chip away at that debt by paying as much as possible toward it each month, paying more than once a month (if you can).
- **Debt snowball**—this is about paying off your smallest debts to eliminate them as quickly as possible. Start with one, pay it off, then pay the next one off. In the interim, keep making payments on all your other debt, of course.
- **Debt fireball**—prioritize your debt into “good” and “bad” debt, then attack the bad debt the hardest until you've eliminated all of it.

Step four: **Save**

Hoard every dime—kinda literally.

We're not suggesting you pick up coins off the ground (unless that sort of thing floats your boat). We're talking about trimming the financial fat wherever possible and creating a budget you can live with. Also, opening an emergency savings account and depositing even small amounts of money consistently can add up fast—and give you peace of mind.

Things you can do right now.

SoFi Checking and Savings—when you open a SoFi Checking and Savings account with direct deposit, you can actually make money on your money with a highly competitive APY, plus earn cash-redeemable rewards points[†], and get paid up to two days early.[‡]

SoFi Vault—setting up a savings account Vault is a “set it and forget it” plan that makes saving easy. You can just divert a set amount of money that gets deposited to your vault account automatically.



Step five: **Adjust**

Become the ultimate debt warrior.

What's a debt warrior, you ask? It's someone willing to fight their debt one battle at a time to win the whole war. With discipline and a well-crafted plan, digging yourself out of the black hole of debt is totally doable. How? By setting small, measurable goals—and also by celebrating when you achieve them. Can't afford something with cash? Don't cave in and buy it on credit. Discipline yourself to stay out of the non-stop debt trap and you'll reap the rewards ten-fold later.

Explore your benefits @ [SoFi.com/Parsons](https://sofi.com/parsons)

Products available from SoFi on the Dashboard may vary depending on your employer preferences.

SoFi Checking and Savings is offered through SoFi Bank, N.A.

‡Early access to direct deposit funds is based on the timing in which we receive notice of impending payment, which is typically up to two days before the scheduled payment date.

†Terms and conditions apply. Learn more at [SoFi.com/rewards](https://sofi.com/rewards)

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