



# Case Study - Debt

## Meet Anna and Noah

Anna and Noah thought of their family as typical. They both had good jobs. Their incomes allowed them to purchase a nice house in a good neighborhood. They had two children and lived a very 'normal' lifestyle.

Unfortunately, this lifestyle included debt. Over time, their debt began consuming much of their income the minute it came in the door. The monthly payments began impacting their activities and slowed their ability to save for things like college and retirement.

Debt Account	Owed	Payment	Duration
Student Loans	\$93,440	\$578	11 years, 6 months
Credit Cards	\$8,800	\$264	Unknown
Medical	\$1,400	\$100	1 year, 2 months
Anna's Car	\$3,600	\$188	1 year, 6 months
Noah's Car	\$22,212	\$367	4 years, 2 months
Family Loan	\$2,500	\$100	2 years, 1 month
Mortgage	\$152,068	\$766	27 years, 6 months
<b>Total</b>	<b>\$152,068</b>	<b>\$2,263</b>	<b>Over 27 Years</b>

When an unexpected \$1,800 car repair had to go on a credit card because they were unable to pay off it in full, they realized their financial lives were out of balance. They didn't have an income problem, they had a debt problem! And, the implications of their debt load began to take a toll on their relationship with each other.

Like so many families, Anna and Noah didn't feel they were getting in over their heads along the way. They weren't spending lavishly or buying things they didn't need. But, over time, the little things had accumulated into a worrisome debt load.

Their debt was consuming more than \$2,200 of their monthly income. At their repayment pace, they would not be completely debt free for another 27-1/2 years. And that was assuming they never financed another purchase. And it got even more frustrating when they realized that once they finished paying all that debt, they would have no money in the bank. Nothing to show for their years of sacrifice other than a stack of 'paid-in-full' receipts.

That thought troubled them and they set out to find a better solution.

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## The Solution

The first thing they did was contact their Financial Wellness Coach and set an appointment. In that meeting, they learned that their situation was not unique. In fact, Americans will send nearly 34% of the lifetime income to bankers and lenders just to service their debt. This makes the interest you pay on debt one of the largest lifetime expenditures.

They also learned that there was a strategy that would allow them to replace the bank and credit card companies. A way to stop spending money on interest – ever again. To their surprise, this strategy wasn't complicated, costly, and didn't require sacrifice or major lifestyle changes.

To get started, their Financial Wellness Coach showed them how to redirect the money they were saving each month. For Anna and Noah, that meant shifting their savings to a new account. This new account allowed them to still save and grow their money while also allowing them to get out of debt and live interest free forever.

They were concerned about giving up their employer's matching contributions on their 401k plans, but quickly realized that the interest they would save – starting almost immediately – and continuing throughout their lifetimes, would more than offset the loss of employer matching contributions.

Additionally, they learned that this strategy not only accelerated their path to debt freedom, but also helped their kids qualify for more financial aid when they applied to college. The Financial Wellness Coach called this the Live Interest Free plan.

With some help from their coach, here is the path they are on now:

**Old Plan:** Debt Freedom in **27.5** years with **\$0** saved

**New Plan:** Debt Freedom is **9.7** years, **\$825,419** in bank in **27.5** years, **\$79,560** interest saved

Within the first 9 months of starting their Live Interest Free plan, Anna and Noah were able to pay off three of their debt accounts. Not only does the cash in their account put them on track for retirement, it also creates a personal line of credit – their own bank! In the future, they'll be able to replace their vehicles, purchase a new home, send their kids to college – all from their new personal banking platform – at zero interest cost.

Anna and Noah are not unique in any respect other than their passionate resolve to put their financial house in better order. They're not rich. They don't earn big salaries. They're not immune to any of the laws of math and money that make them any different from you and your situation.

You may be older or younger. You may have more debt or less. Your income may be greater or less. Regardless, there is light at the end of the tunnel. Bring your resolve – and we'll fill in the rest.