

WHAT TO DO WHEN YOU CAN'T AFFORD YOUR MINIMUM PAYMENTS:

It's scary to find yourself in a situation where you can't afford your monthly debt payments, especially if it's because of something so unforeseen as the pandemic. There could also be other reasons like a sudden life change: a job loss or illness, or if you've simply found yourself unable to keep up, there are steps you can take and [TFCU](#) can help guide you through this stressful process.

Time for Action

Though it may feel tempting to pretend like your loans or credit cards don't exist, it's unwise to hide from debt payments or avoid making them. Doing so makes it harder to get out from under the debt as interest, late fees, and penalties build up. The best thing to do is **act** as soon as you find yourself beginning to fall behind. The sooner you plan, the sooner you can regain control over your financial situation. *The emotional and financial relief that acting can bring will make facing your debts worth the effort.*

Make the Call

One of the best things you can do to improve your situation is to **call your lender**. Chances are they'll be willing to work with you if you're struggling to make your payments. That's especially true during a recession, natural disaster, or other large-scale event with an economic impact, much like the one we are going through today. Beyond simply wanting to help, lenders have a financial incentive to do so. If your lender can't get a hold of you to pay your debt or if you go too long between payments, they're often forced to send the debt to a collection agency. So, often lenders are eager to help you plan to pay off your debt without involving collectors. Not only does this help you avoid the stressful collection process, but it can save you from negative impacts on your credit.

Plan it Out

If you're not sure where to start, there are two approaches that may be effective in helping you get out of debt: a debt snowball or a debt avalanche. Taking the debt snowball approach means that you focus on paying off your smallest debt first, then roll the amount that you were paying into the next smallest, and so on until you've paid everything off. The debt avalanche method, on the other hand, is when you pay off the debt with the highest interest percentage rate first, and then work your way down, saving you more in interest rates.

TFCU has partnered with Banzai to provide financial wellness resources to the El Paso Community. Check out the [Banzai interactive coaching session](#) to help you get out of debt. As a [TFCU account-holder](#), you receive a **free one-hour consultation** with our partner: [Greenpath](#), to begin your unique path to a debt-free life.