CHARTERED PROFESSIONAL ACCOUNTANTS CANADA

JUST THE FACTS:
HELPING YOU TALK ABOUT MONEY

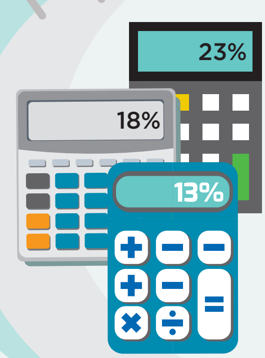
Paying Off Debt

The longer you take to pay off a debt the more it will cost you in interest payments.

You will be required to pay a minimum each month – either a fixed dollar amount or a percentage of the money you have borrowed – while interest continues to be added on to the remaining balance.

Even small increments above your minimum payments can save significant time and money.

- Example: $1,000 credit card debt at 21% interest
  - — Minimum monthly payments would require 11 years and 6 months to pay off, with interest totaling $1,104.63
  - — Minimum payment plus $5 each month would require 6 years and 8 months to pay off, with interest totaling $665.96 (saving nearly 5 years and more than $400).



There are different strategies for prioritizing which debt to pay off first:

Avalanche Strategy

- Pay off your highest interest debt first, helping you save on interest payments.

Snowball Strategy:

- Pay off the debt with the lowest balance, helping you eliminate this debt quickly.

LEARN MORE AT cpacanada.ca/justthefacts

Looking to better understand money basics and how they apply to you?
You may also be interested in taking our Financial Wellness Guide questionnaire.

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