

# Financial Health Checkup

Diagnose your debt and make saving for the future easier



It's rare not to have any debt during your lifetime, and not all debt is bad.



There's "**good debt**," which is debt that can help you make money and increase your net worth. Financing a house or getting a student loan for college may be good investments, for example.



Then there's "**bad debt**." These are purchases that won't go up in value or generate income. High credit card debt to make ends meet or buying a new car are examples.



Whether good or bad, debt can spiral out of control and put you in a financial health crisis. Like a virus, debt can spread to other areas of your financial life and make it hard to cover even your everyday expenses.

**When you're in heavy debt, covering a financial emergency and saving for retirement may seem out of the question.**



- The average household that's carrying credit card debt has a balance of \$15,654.  
— NerdWallet, 2017
- Only 37% of Americans have enough savings to cover a \$500 to \$1,000 emergency.  
— Bankrate, 2016
- The average student in the Class of 2016 has \$37,172 in student loan debt.  
— Federal Reserve Bank of New York, 2016

## Start Here: Diagnose Your Debt

It's always a good time for a financial health checkup. Calculating your debt-to-income ratio — or DTI — is a great way to check that your debt load falls within a healthy range.

Your DTI can help you change some money habits and better manage your debt. Calculating your DTI also helps your overall financial wellness, because lenders use it to decide whether to offer you credit and what rate to charge. They pay attention to research that shows people with high DTIs have more trouble making their payments.



Complete the *Diagnose Your Debt Worksheet* for a quick financial checkup

## Find Remedies to Reduce Your Debt Today

These are the two basic remedies for lowering your debt. Both can help you improve your overall financial health.



### High Interest Regimen

This remedy, also called Debt Avalanche, targets your highest-interest-rate debts first. It lets you repay debts in the shortest amount of time and saves you the most in interest.



### Small Balance Therapy

This remedy, also called Debt Snowball, targets your smallest debts first, no matter the interest rate. If you're motivated by small victories, this remedy helps you gain the momentum to reach financial wellness.



### Heal and Restore

Search online for debt-reduction tools to lower your debt and strengthen your financial health.

- Websites
- Apps
- Software
- Spreadsheets

## Save for Tomorrow

When you've set up a plan to lower your debt, you're on your way to removing obstacles to saving. Don't wait to enroll in your company's retirement plan or increase your contribution if you're already enrolled.

Check out these guidelines to saving for retirement at each life stage.

Rx

### Age 30

**Target Savings Goal:**  
10-15% each paycheck

**Aim to Save:**  
1x annual salary



### Age 45

**Target Savings Goal:**  
15-20% each paycheck

**Aim to Save:**  
3.5x annual salary



### Age 60

**Target Savings Goal:** 20% or more each paycheck

**Aim to Save:**  
7x annual salary



Keep up the momentum toward building financial strength. Go to [standard.com/retirement](https://standard.com/retirement) to enroll in your plan or increase your contribution.

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