

CHECKLIST

Clear the path: Essential Tips for Managing Debt

Debt can be overwhelming, but with the right plan, you can take control of your finances. Use this checklist to help you start managing your debt effectively and potentially pave the way to a more secure financial future.

YOUR **DEBT** CHECKLIST:

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|--|------------------------|
| ✓ Understand the Different Types of Debt | ✓ Cut Credit Card Debt |
| ✓ Tackle Student Loans | ✓ Pay Down Your Debt |
| ✓ Manage Your Mortgage | ✓ Build Credit |

✓ Understand the Different Types of Debt

Not all types of debt are created equally, and having debt isn't always a bad thing. Debt that has a relatively low interest rate and goes toward something that could grow in value, such as a house, can be good. However, you could also have private loans, credit card debt and others that may be considered "bad" debt. Fidelity suggests keeping all types of debt to less than 36% of your income.

An interest rate could impact the amount you pay. Learn more and [Take Control of Debt](#).

Then, figure out if your debt is on track to be paid off by taking Fidelity's [Financial Check-Up](#).

✓ Tackle Student Loans

Student loans may be a necessary part of earning a college degree. When it's time to repay and manage your student loan debt, educate yourself on whether it's best for you to pause, refinance or accelerate paying back your loan(s). You can contact your loan servicer, change your repayment plan and might be able to refinance your loan to a lower interest rate. These options might help you manage your student loan payments in a more manageable way.

Learn more about how to approach [student debt](#) and get help answering other common questions like should you [pay off student debt versus save for retirement](#). Visit the [Student Debt Dashboard](#) for more information.

✓ Manage Your Mortgage

Buying a home is one of the largest purchases people make in their lifetimes. It's also a purchase that typically comes with a mortgage and a payment plan that last many years.

Learn more about [what type of mortgage is right for you](#) and determine if [refinancing your mortgage](#) may be a good option for you.

✓ Cut Credit Card Debt

Credit cards can be a convenient way to pay for things, build your credit and can help protect you against fraud. But if you don't pay the minimum required payment or the full balance on time each month, the high interest rates can hurt your financial health in the long run.

Choosing the right credit card for you and understanding how credit card debt can build can help you navigate the challenge of minimizing your [Credit Card Debt](#). Check out this article for tips on [making your credit cards work for you](#).

✓ Pay Down Your Debt

To pay off debt, you may need to prioritize what's important to you and cut down on extraneous spending. Fidelity recommends two methods: the Avalanche Method, paying off the debts with the highest interest rates first, or the Snowball Method, where you paying off the debts with the smallest balances first.

For more information on both approaches and to see which might be best for you check out this [article](#).

✓ Build Credit

Improving your credit score is crucial for obtaining loans and credit cards with favorable terms, which can lead to substantial savings. A strong credit score also demonstrates financial responsibility, which can be beneficial in various aspects of life. Begin working on your credit score now to potentially enjoy greater financial benefits.

Check out some steps you can take toward [improving your credit score](#) and understand [what factors may affect your credit score](#).

This information is intended to be educational and is not tailored to the investment needs of any specific investor.

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