

# PATHWAYS

GREENPATH NEWSLETTER

MAY 2019

*Like millions of Americans, Katie struggled with managing her finances. Read about her journey and how she not only repaid \$26,000, but made it her life's work to help others do the same.*

## MEETING A SHINY NEW FRIEND

During college, Katie discovered the power of credit. Working as a waitress provided her with some income, but most of that went towards tuition and living expenses. Like many of us, she was attracted to credit cards to fill the gaps and buy the things she otherwise couldn't afford.

"Retail credit cards became my shiny new best friends. I discovered I could get things that I wanted, when I wanted. But I didn't understand how things can snowball out of control."

Katie married right out of college. Although her husband's credit was good, he had an inconsistent income as a freelancer, so they relied a lot on credit cards to bridge gaps.

## WHEN CHANGE FUELS SPENDING

After their wedding, Katie and her husband experienced a lot of changes at once. While they were expecting their first child, her husband joined the military. Katie moved in with her parents while her husband attended basic training. This helped the couple cut down on their expenses, but Katie still had her previous credit card debt to pay down.

They used her husband's training salary to pay the minimum payments on the credit cards. However, medical bills from their pregnancy only added to their credit card balance and they struggled to keep up. Additionally, military life meant multiple moves. Being in a new place as a stay-at-home mom caused Katie to feel very lonely and depressed.

Katie used shopping as an outlet, purchasing shoes and handbags to fill a void that escalated her credit card debt. As Katie's interest rates increased, so did her depression and anxiety over being able to pay off her ever-increasing debt.

Although Katie was married, all of the credit card debt was in her name. This was done intentionally, since her husband was often overseas on military duty.

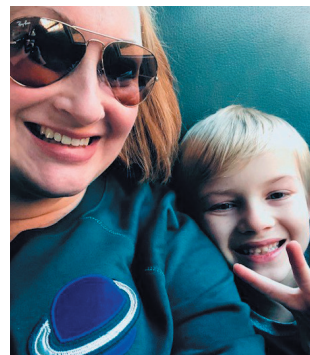
Once the family settled in Texas, Katie returned to work. Although she now had an income, most of that went to daycare. Her husband deployed for nine months, and without friends or family, Katie turned back to shopping. She often planned her schedule around store sales.

Swamped with debt, Katie's grandmother offered to help her by paying off a majority of her debt through an interest-free loan. Katie states, "This is the best thing she did for me."

But that wasn't the end of debt for Katie and her husband. They took out their first loan for a home to move from Texas to Virginia. They also welcomed their second child. Because of medical issues, Katie wasn't able to continue to work. She became a stay-at-home mom again, which cut down on child care expenses, but meant they only had one income to live off of. They realized that between the mortgage, debt, car loan, her grandmother's loan, and household bills, they didn't have enough income to pay for their expenses.

The couple explored debt management to help them pay off the debt they owed. Katie wanted to make sure she found a credible plan, so she started doing research.

Like many couples, finances were a tension in Katie and her husband's marriage. Her previous debts, which she had hidden, eventually surfaced, and it was more than he knew about. He asked for a divorce and as Katie states, "Then 'we' became 'I.'"



Rather than think about how to pay off debt, Katie started to wonder how she and her husband would separate their financial lives. For Katie, she was concerned about coming off of her divorce with two children and about \$26,000 of credit card debt. Because the debt was in her name, she was responsible for it. Her ex-husband took over the mortgage and car payments.

## BREAKING THE CYCLE

Katie found a job and tried to get her bearings, but needed to take control of her debt. She was trying to keep up with the minimum payments, which she was barely making. Katie eventually gained the courage to reach out to a non-profit organization to enroll in a Debt Management Plan.

Rather than paying \$1,000 in minimum payments per month that weren't going towards the principal, she had her payments reduced to around \$600 split between paychecks. This made Katie's monthly payment more manageable, and lower interest rates helped her pay down her debt faster.

Not only did the program give her structure, it also gave Katie peace of mind. "The ability to sleep and not sit there and have numbers running through my head. That's what was keeping me up at night."

Having someone to help Katie deal with her debt in a nonjudgement way leaves Katie emotional. "They didn't judge. They didn't say, 'Shame on you for getting here.' They said, 'Ok, we're here, let's do what we can to fix it.'"

Katie found a job to support her and her children, and once again, life threw her a curve ball. Her position was eliminated within nine months. Despite this event, she had an advocate on her side. Because she reached out to her counselor, he was able to look at all of her options and move her to a more feasible plan with more flexibility.

Thankfully, Katie landed a new job, and although it came with a pay cut, she was able to continue to make payments on her debt. More importantly, her counselor looked at her situation and made sure she had enough money for the essentials, including utilities and groceries.

Katie stuck with it, and in 2017, she made her last payment, one she had been looking forward to for five years. She states, "It was the greatest feeling in the world."

## HELPING OTHERS ON A PATH TO FINANCIAL WELLNESS

Katie's story doesn't end there. In a twist of fate, Katie was looking for her next career move and stumbled on GreenPath Financial Wellness. She immediately became interested in helping others who faced the same challenges she had previously faced.

The job listing brought back in Katie's memory the calm, helpful voice on the other end that let her know they were here to help. She had been the person who had been scared to make the phone call and was so overwhelmed. She is now on the other end, working to lift people out of the debt they are facing and towards their financial goals. And, we are happy to have her on our team.

## YOU'RE NOT ALONE

According to **Psychology Today**, approximately 19 million Americans have compulsive buying behavior, with 80% of compulsive buyers being women. This type of spending is only likely to rise as digital commerce makes it easier and faster to make purchases.

At GreenPath, we know it takes courage to make the first call. If you know someone in Katie's situation, share this story with them to inspire them to reach out and take the first step towards achieving their financial dreams.

GreenPath offers free financial counseling and education to support people in paying off debt. Our professional, caring coaches will explain your options and develop a personal custom action plan that works for you. Call 877-337-3399 to get started.



As a member of Suffolk Federal Credit Union, you can take advantage of GreenPath, a financial education and counseling program. To use this service, simply call 1-877-337-3399 or visit them on the web at [www.greenpathref.com](http://www.greenpathref.com).