

# Oregon State Credit Union difference



## What is a personal loan?

An Oregon State Credit Union personal loan is an **unsecured loan** with a **fixed interest rate** that you pay back in **fixed monthly payments** over a set period of time, called a **term**.

Loans can be either **secured or unsecured**. A secured loan is one where the debt is backed by some sort of collateral. An unsecured loan is debt that is not backed by collateral.

Loans come with **fixed interest rates or variable rates**. A credit card is an example of a variable rate loan. The interest you pay will fluctuate over time because it is based on a benchmark or index interest rate that changes periodically. A personal loan has a fixed rate, meaning the interest

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## Should you consolidate your debt?

Debt consolidation combines multiple loans into a single payment. For example, let's suppose you owe money on three credit cards. The total debt on the three cards combined is \$16,000. You are paying interest on each card ranging from 18.99% to 24.99%. A single, fixed rate loan for \$16,000 with an interest rate lower than 20% could save you money over the life of the loan and reduce your payments from three to one. It might even lower your monthly payment and shorten the time it takes to pay off that loan.

Consolidating debt can also make sense if you just want to reduce the number of payments you make each month and manage fewer due dates. Between credit cards, auto loans, rent or mortgage, utilities and more, it can be difficult to keep track of due dates and balances. Consolidating some debts into a single loan can help streamline your finances.

### When debt consolidation works

For many people, consolidating debt can be the way out of runaway debt, especially if you have multiple high-interest loans, like credit cards. If you take out a personal loan with a 60-month term, you know you will

have your debt paid off in five years, assuming you make your payments on time and don't overspend. Remember: Paying off multiple credit cards with a debt consolidation personal loan should not be an excuse to run up the balances again.

### When debt consolidation may not work

Consolidating your debt does not solve the underlying issues that got you into debt in the first place. Debt consolidation may not be the right solution under the following conditions:

- Your monthly debt payments, including rent or mortgage, take up most of your monthly income.
- Your credit does not qualify you for a lower interest loan.
- Your cash flow will not cover all your payments.
- It would take you more than five years to pay off the new loan.
- You do not have your spending under control.

### Benefits of a debt consolidation personal loan

There are several benefits to a debt

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consolidation personal loan from Oregon State Credit Union:

- A fixed interest rate means your monthly payment won't change.
- The rate you pay on your personal loan may be lower than the rate you were paying on the debt you consolidated.
- A fixed term means you know when the debt will be paid off.
- No application fees or pre-payment penalty.
- Combining multiple debts into a single loan reduces the number of due dates you need to worry about.
- It may shorten the time it takes you to pay off your debt.
- Paying off your debt may improve your credit score.

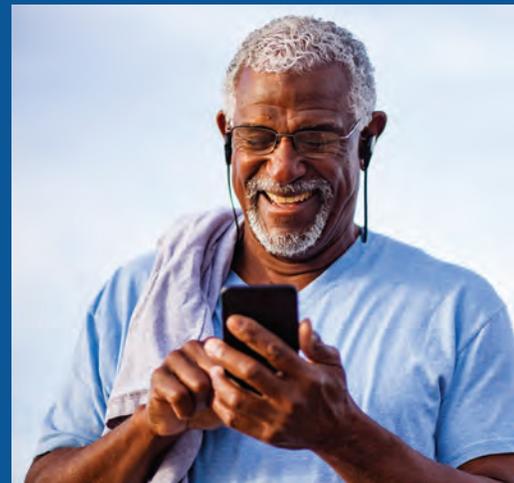


## Take control of your financial future today

 **Consolidate your debt with a personal loan.**

rate is locked in when you close the loan and will not change during the term of the loan.

**The monthly payment on a personal loan will be the same each month.** That's called a fixed payment. For other loans, like a credit card, you might pay a different amount every month.



**When you close on your personal loan, you agree to pay it off in equal payments for an agreed-upon number of months.** This is called the term of the loan. A personal loan from Oregon State Credit Union has no pre payment penalties, so you can always pay your loan faster by making larger monthly payments; however, you must pay at least the minimum payment each month and have the entire loan paid off by the end of the loan's term.

## The credit union difference

### Financial education for members

Credit unions educate their members, helping them become better consumers of financial services.



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