

INTEGRATED EQUITY MANAGEMENT

Main: 952.854.5544 | Fax: 952.854.6335
8009 34th Avenue South, Suite 1550 | Bloomington, MN 55425



Why You Should Assess Your Debt-to-Income Ratio (Especially with Student Loans) Presented by Charles Stewart

A growing issue I have come across in dealing with our clients at IEM, especially Millennials, is their excitement about entering high-earning years – yet most of them feel they'll never be able to obtain the kind of wealth previous generations have been accustomed to.

I recently read the article posted below by the Wall Street Journal discussing the income disparities so many Millennials face – including the best ways to accumulate wealth as soaring costs of childcare and student loan debt cripple their ability to live out the American Dream.

In talking with clients, my advice is always to make sure you're staying on top of your debt-to-income ratio – probably something a lot of the 25-34 age bracket takes little time to really think about (I too fit this mold from time-to-time even as a financial advisor). In this crazy, busy world we live in, I think it's important to gain a better understanding of tackling any debt you may have and keeping your personal finances updated.

A main topic of concern I hear a lot about is student loan debt, how Millennials are going to be able to tackle the mounting stress student loans have on their well-being, and the best way to get back a sense of financial confidence. If you're the type of person that finds yourself in this bucket, I've listed some different strategies in paying off your loans below:

- Pay off the highest interest rate loan first. As those loans get paid off, you could redirect monthly payment to a different loan.
- Pay off the lowest balance first. Similarly, once those are paid off, you could redirect monthly payment to other remaining loans.
- If you only have one larger loan, figure out what the goal is in terms of paying them off. Do they want to be done in 10 years? 15 years? Once this is known, solve for necessary monthly payment to achieve this goal.

My hope is that this information is helpful for you, and I am always here to answer any questions you may have!

Millennials' high-earning years are here, but it doesn't feel that way | Fox Business

Charles Stewart*Associate Vice President | Private Wealth Manager*

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Phone: (952) 854-5544 ext. 304

Fax: (952) 854-6335

[8009 34th Ave South, Suite 1550 | Bloomington, MN 55425](#)

Charley@integratedequity.net | www.integratedequity.net

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