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## Extending the Reach of PowerPay Debt Elimination: A New Mobile Application

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## Extending the Reach of PowerPay Debt Elimination: A New Mobile Application

### Abstract

PowerPay has proven effective as an online financial tool for personalized debt reduction since it was introduced in 1992. Results of the online program show positive outcomes for users such as reduced debt load and better spending habits. To increase the reach of this program, the free PowerPay mobile app was launched in 2014. This allows for immediate access to payment calendars, projected money saved, and building an emergency fund. The new app has been very well received, with over 2,400 downloads across 45 countries, and adds another debt management instrument for Extension personnel to share with their clientele.

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### Introduction

PowerPay has a successful history as a financial tool for consumers, educators, facilitators, and counselors since it was created and introduced in 1992. For example, it has been used and recommended by Extension programs in multiple states (Marshall & Connerly, n.d.; Porter, 2013; Edwards, 2013; Rupured, 2012), the U. S. Military, and corporations (NeighborWorks Training Institute; San Jacinto Junior College; America Saves, Housing Authorities; Fannie Mae). Research has cited the effectiveness of PowerPay as a specialized debt reduction tool that provides personalized plans for consumers to accelerate debt repayment (O'Neill, 1998; O'Neill & Ensle, 2012). Results of these studies showed debt load reduction, increased confidence, and better spending habits by users. Other research indicated that PowerPay was easy to use, was relevant and personalized, and was high quality as rated by users (Miner & Harris, 1998 & Miner & Harris 2001).

Although the PowerPay website ([powerpay.org](http://powerpay.org)) has been a highly successful resource, opportunity to reach an additional audience through mobile technology exists. The PowerPay app was created to meet this need. Both Extension professionals and clientele have shown their readiness and adoption of technology in disseminating and receiving information. Research supports this migration of technology for delivering programs. One study (Diem, Hino, Martin, & Meisenbach, 2011) challenged Extension to lead by example by modeling and promoting the use of technology for faculty, staff, and volunteers.

## PowerPay Mobile Application Description

Through a collaborative Extension partnership, the [PowerPay mobile app for iOS](#) (6.1 and later) was developed in 2014 by Margie Memmott, Dean Miner, and team at Utah State University and Barbara Chamberlin and team at New Mexico State University. The new PowerPay mobile app is a free financial tool to help consumers develop and follow a personalized, self-directed debt elimination plan while on the go. PowerPay contains the most frequently used repayment sequences to choose from (e.g., according to highest interest, lowest balance, shortest term, or as entered).

PowerPay is unique in that it provides users the option to simultaneously build up an emergency or reserve fund as they continue to follow their debt payment plan and avoid additional debt. The emergency fund feature has been the most requested modification/addition to PowerPay by financial counselors and educators since its introduction.

The app displays:

- A projection of the amount of money saved in interest costs. PowerPay will calculate the best repayment schedule to save time and money, and display the reduced repayment time as a result of making power payments (also referred to as snowball or rollover payments) (Figure 1).
- An example to help first-time users better understand the program and discover how quickly they can become debt free (Figure 2).
- Creditor information that users enter to create their self-directed debt elimination plan. Options allow for extra payments and inclusion of an emergency fund as part of the plan (Figure 3).
- Debt information where users enter balance, monthly payment, and interest rate for each debt (Figure 4).
- The repayment calendar, which projects expected monthly payments for each creditor until all debts have been paid. Users may slide screen to compare interest cost savings and reduction in time to be debt free from four repayment sequences (Figure 5).
- An extra payment(s) option where users may consider adding extra one-time, monthly, or annual payments to accelerate debt elimination (Figure 6).
- An emergency fund option where users may choose to create a reserve fund as part of their debt elimination plan. When implemented, this option provides a cushion for unexpected expenses and initiates a habit of saving (Figure 7).

### Figure 1.

PowerPay Saves Time and Money



**Figure 2.**

Welcome Screen



**Figure 3.**

Menu and Options



**Figure 4.**

Enter Debts: Balance, Payment, and Interest Rate

The screenshot shows the "Enter Debts" screen with a list of debts. The header is orange with "Back" and "Debts" text. The table below lists four debt categories with their respective balances, payments, and interest rates. A "Calculate" button is at the bottom left, and an information icon is at the bottom right.

Debt Name	Balance	Payment	Rate
Home	\$197800.00	\$1529.00	4.50%
Car Loan	\$14800.00	\$339.29	4.09%
Credit card	\$2430.00	\$100.00	13.02%
Credit card 2	\$7220.00	\$250.00	9.60%

**Figure 5.**

PowerPay Calendar

Highest Interest			
Apr 2016			
May 2016	30	\$250.00	\$1529.00
Jun 2016	30	\$250.00	\$1529.00
Jul 2016	30	\$250.00	\$1529.00
Aug 2016	30	\$250.00	\$1529.00
Sep 2016	30	\$250.00	\$1529.00
Oct 2016	4	\$310.57	\$1529.00
Nov 2016		\$345.00	\$1529.00
Dec 2016		\$345.00	\$1529.00
Jan 2017		\$236.47	\$1636.85
Feb 2017		\$0	\$1864.00
Mar 2017		\$0	\$1864.00
Apr 2017		\$0	\$1864.00
May 2017		\$0	\$1864.00
Jun 2017		\$0	\$1864.00
Jul 2017		\$0	\$1864.00
Aug 2017		\$0	\$1864.00
Sep 2017		\$0	\$1864.00
Oct 2017		\$0	\$1864.00
Nov 2017		\$0	\$1864.00
Dec 2017		\$0	\$1864.00

**Figure 6.**

Enter Extra Payment(s)

**Figure 7.**

Build Emergency Fund Simultaneously

The screenshot displays the 'Emergency Fund' configuration screen in the PowerPay mobile application. At the top, there is a blue header with a back arrow and the text 'Emergency Fund'. Below the header, there are several input fields: a text box containing '5' labeled '% of Available Funds', a date picker showing 'Jul-2014', and a text box containing '.1' labeled 'Interest Rate (Savings Account)'. A horizontal line separates these from an 'Optional' section. In the optional section, there are three more input fields: 'Max Monthly' with '15', 'Stop At Amount' with '5000', and a date picker for 'Stop Payment Date'. At the bottom of the screen, there is a red button labeled 'Delete Emergency Fund' and a blue button labeled 'Save'.

## Outcomes and Impacts

There are several measures that provide a quick estimation of the impact of the PowerPay online debt management tool. In 2014, Google Analytics reports PowerPay hosted over 151,000 sessions, including the creation of an estimated 23,500 debt elimination plans. Reflective of the Rutgers study (O'Neill, 1998), if 24% complete their plans and each saves just \$450 in interest during the first year, their projected benefit would be \$2,538,000.

The PowerPay app extends the reach of this debt elimination program to an audience that prefers on-the-go access. To date, there have been 2,440 downloads across 45 countries (App Annie, 2015). Applying the PowerPay online evaluation metric, the PowerPay mobile app users have projected benefits of \$263,560. Of course, the positive benefits will only grow as more clientele adopt this option.

## Implications for Extension

The usefulness of PowerPay is evidenced by its wide use and recommendation by Extension, education, and public, private, and government entities. In addition, PowerPay was named the Education Program of the Year by the Association for Financial Counseling and Planning Education in 2001. The creation of the mobile app adds another debt management instrument for financial educators and counselors to share with their clientele. Whether this new instrument is used as a one-on-one or group visual, it is an effective resource in the classroom, workshop, or on the go. The PowerPay app also adds a more readily available option for mobile consumers to build their own self-directed debt elimination plan with this proven financial tool.

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