

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.

Margie Memmott
Extension Associate
Professor
Nephi, Utah
margie.memmott@usu.edu

Dean Miner
Extension Professor
Provo, Utah
dean.miner@usu.edu

Stacey MacArthur
Extension Assistant
Professor
Logan, Utah
stacey.macarthur@usu.edu

Utah State University

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) 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 header bar containing a back arrow, the word "Debts", and a plus sign. Below the header is a table listing four types of debts: Home, Car Loan, Credit card, and Credit card 2. Each entry includes a balance, a payment amount with a right-pointing arrow, and an interest rate. At the bottom of the screen, there is a "Calculate" button with a right-pointing arrow and an information icon.

Debt Type	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

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.

References

2015. *App Annie*. Retrieved from: www.appannie.com

Diem, K. G., Hino, J., Martin, D., & Meisenbach, T. (2011). Is Extension ready to adopt technology for

delivering programs and reaching new audiences? *Journal of Extension* [On-line], 49(6) Article 6FEA1.

Available at: <http://www.joe.org/joe/2011december/a1.php>

Edwards, V. (2013). *Know your credit*. Kansas State University Agricultural Experiment Station and Cooperative Extension Service. Retrieved from: <http://www.ksre.ksu.edu/bookstore/pubs/MF3081.pdf>

eXtension website (n.d.). Retrieved from:

http://www.extension.org/pages/11429/powerpay#.U4ES_fldWAK

Fannie Mae website (n.d.). Retrieved from: http://news.hjnews.com/news/article_a44c893b-aeb8-5e60-8eb9-2b8383cd901f.html?mode=jqm

Marshall, J. P., & Connerly, L. (n.d.). *Financial smart start for newlyweds: Debt in marriage*. University of Arkansas Extension. Retrieved from: <http://www.uaex.edu/publications/pdf/FSFCS202.pdf>

Military One Click website (n.d.). Retrieved from: <http://militaryoneclick.com/money-finances/>

Miner, F. D., & Harris, J. L. (1998). PowerPay: Consumer debt reduction software for Extension educators. *Journal of Extension* [On-line], 36(4) Article 4TOT1. Available at:

<http://www.joe.org/joe/1998august/tt1.php>

Miner, F. D., & Harris, J. L. (2001). Factors influencing adoption of Extension technology: The case of PowerPay debt reduction software. *Journal of Extension* [On-line], 39(5) Article 5RIB3. Available at:

<http://www.joe.org/joe/2001october/rb3.php>

NeighborWorks Training Institute website (n.d.). Retrieved from:

<http://www.nw.org/network/neighborworksprogs/financialfitness/resources.asp>

O'Neill, B. (1998). Money talks: Documenting the economic impact of Extension personal finance programs. *Journal of Extension* [On-line], 36(5) Article 5FEA2. Available at:

<http://www.joe.org/joe/1998october/a2.php>

O'Neill, B., & Enslie, K. (2012). Have it their way: Creating personalized online challenges to motivate learners. *Journal of Extension* [On-line], 50(2) Article 2TOT3. Available at:

<http://www.joe.org/joe/2012april/tt3.php>

Porter, N. (2013). *Calculate your debt-to-income ratio*. Colorado State University Extension. Retrieved from: <http://www.ext.colostate.edu/pubs/consumer/09163.pdf>

Rupured, M. (2012). *Georgians will manage credit & debt*. Retrieved from:

http://spock.fcs.uga.edu/ext/employee/2013_logic/F-Credit.pdf

Copyright © by Extension Journal, Inc. ISSN 1077-5315. Articles appearing in the Journal become the property of the Journal. Single copies of articles may be reproduced in electronic or print form for use in educational or training activities. Inclusion of articles in other publications, electronic sources, or systematic large-scale distribution may be done only with prior electronic or written permission of the

[Journal Editorial Office, joe-ed@joe.org.](mailto:joe-ed@joe.org)

If you have difficulties viewing or printing this page, please contact [JOE Technical Support](#)