Ask Commerce: Should I Invest or Pay Down Debt
Video Transcript

When looking at your budget and how you use your money, is it better to pay down debt, or should you think about investing? To put it simply, it really depends. Start by doing your homework. Make a list of everything you owe, including your balances, minimum monthly payments, and interest rates. Here's a good rule of thumb to consider. If the interest rate on your debt is higher than the expected return on your investments, you should pay down your debt first. Let's put that into some real world examples.

Generally speaking, debt with interest rates north of ten percent should be tackled first.

But if you have a mortgage with a three percent interest rate, it's probably better to invest your money since you can reasonably expect to earn more on your investments in the long term. These kinds of financial situations can be complex, but we're up to the challenge and here to help.