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- [11](#)

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- [Dashboard](#)
- [Assignments](#)
- [Opportunities](#)
- [Pitches](#)
- [Payments](#)
- [My CV](#)

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Dec (38) Payoff Review - Interest.com

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If you're looking to eliminate credit card debt in 2020, you won't want to miss this Payoff loan review. Payoff Inc is a financial wellness company that began in 2009. Headquartered in Costa Mesa, California, Payoff is a digital finance platform designed to help consumers eliminate credit card debt, improve personal finances, and build wealth.

We like that Payoff, Inc. promotes financial well-being and helps you get off the debt wagon and back on the path to financial freedom. It might be a good fit for those who are feeling the pressure of credit card debt and the high-interest rates often associated with it. Since Payoff, Inc is not a bank, it does not specifically offer savings, checking, money market accounts, CDs or anything similar. So, we'll be sure to provide you with some alternatives for these types of financial services later in the Payoff review. For now, let's get started.

How Payoff stacks up

**Pros**



- Lower FICO score requirement
- No fees other than loan origination
- Transparency in pre-certification requirements
- Manage your loan online

## Cons

- Some states require a minimum loan amount
- APR starts higher than prime lenders
- Membership is required, but there is no additional fee for this
- It is not a bank/financial institution

## What's interesting about Payoff

Unlike other lenders, Payoff does not impose fees beyond loan origination. Also, the minimum FICO score needed is 640, which is lower than that required by other lenders.

We really like the transparency for pre-certification requirements. Payoff lays out what you need to improve your chance of loan approval. Finally, in keeping with its financial wellness mission, Payoff provides all members with a free monthly FICO score update so you can see the progress you're making. It also gives you access to money personality, stress and cash flow assessments that empower you with the tools you need to boost your overall financial well-being.

## Things to consider

All loans go through a connected network of lenders. If you live in New Mexico or Maryland, you will have to meet higher minimum loan requirements of \$5,100 or \$6,100 respectively. Loan APRs are higher than prime lenders but on par with subprime lending institutions. APRs range between 5.99% and 24.99% for terms of 24 to 60 months.

Finally, membership is required, but it's kind of an automatic thing. If you're approved for a loan, you become a member when the loan origination fee is applied. So, there are no separate membership fees to worry about.

## Checking and savings accounts

Payoff, Inc. doesn't offer checking or savings accounts, but there are a couple of alternatives that you could check out.

Alliant Credit Union is a lending partner of Payoff. It offers a checking account that yields 0.45% APY — five times the national average, and savings account APY of 1.65% — six times the national average. Simple, an online bank offers a high-yield checking/savings account with a starting APY of 1.75% that goes up to 1.90%, depending on the account balance that you maintain. Both Alliant and Simple have mobile apps for mobile banking convenience.

### Money market accounts

Money market accounts aren't available through Payoff, but they are a great way to build your savings. They pay a higher interest rate of 0.15% on average — which is more than conventional savings accounts with a 0.09% APY. They often have limited check-writing and debit card privileges, but require a higher deposit to open and have fees if your account dips below the minimum.

Online banks often have an APY advantage over many conventional institutions. So, we found a couple to suggest. State Farm offers a money market account and introductory APY of 1.85% with a minimum \$1,000 opening deposit. Or, you could try Sallie Mae. It doesn't have a minimum deposit to open, but still dishes up an APY of 1.75%.

### CDs

Certificates of deposit are another great wealth-building tool that can really work to your advantage. They are designed strictly for deposit with a set amount to get you started for a predetermined term. If you withdraw early, you may face a hefty penalty. So, only use funds you won't need for the term of the CD.

With online CD accounts, the longer the term you choose often translates to a better rate, but that's not always the case. So, shop around and remember — rates change often.

The most common terms include 24-, 36-, 48-, and 60-month CDs. Average FDIC rates are currently starting at 0.63%, but who wants average when you can have more, right? Discover has a 24-month CD with a minimum \$2,500 deposit requirement that'll yield 2.05%. However, Marcus by Goldman Sachs also has a 2-year CD but it gives you 2.10% APY with a \$500 minimum opening deposit.

### Credit cards

Payoff, Inc. offers a way to pay off credit card debt. So, don't expect to find credit card offers through its website. However, if you still want a credit card, but lack the, well, stellar credit needed for a good rate, other options are available -- like a secured credit card that links to your bank. The idea is to put a specific deposit — usually \$200, into your account to serve as your secure line of credit. Then, the secured credit card works similarly to any other credit card. We found two secured cards to get you started.

Discover It has no annual fee, gives you 2% cash back and a 24.49% APR, which is lower than other credit cards. You can secure it with \$200 or \$500, depending on the credit line you're approved for. Capital One Secured offers a 26.99% APR, no annual fee and you can secure it with as little as \$49 or as much as \$200.

### Personal loans

Payoff, Inc. specializes in personal loans with lending partners. There are no loan fees other than for origination, but loans can only be used for paying off credit card debt or certain types of installment loans listed on your TransUnion credit report. If you need a personal loan for something else, you'd be better off looking elsewhere like your local bank or Lending Club.

Lending Club is an online, peer-to-peer lending group funded by member investors. You can apply for personal loans up to \$40,000 with APRs between 6.95% and 35.89%. So, rates are much higher, but there's more flexibility in how you use the funds.

### Mortgage loans

Getting a mortgage can be tough, especially if you're still in the process of repairing your credit, but there are [mortgage solutions](#) that can help. Although Payoff doesn't offer mortgage loans, one alternative is Rocket Mortgage. It's a subsidiary of Quicken Loans and works with individuals who have credit scores as low as 580. Applying for a loan is fast, simple and can be done right online.

### Mortgage refinancing

Lowering your interest rate can mean lowering your monthly payment to something more affordable. Refinancing is a great way to do that and Rocket Mortgage offers this solution as well. Whether this is your first home, second home, or an investment property, Rocket Mortgage has refinancing opportunities that may help you. Its online form is easy to use and its website boasts that rates are competitive.

### Home equity loans and HELOCs

A home equity loan or line of credit allows you to borrow against the equity of your home — meaning your home becomes the collateral for the loan. Sometimes this can be useful if you have a lot of debt with high interest that you want to eliminate. A home equity loan or HELOC can help you consolidate your debt and lower the interest. However, your home is your collateral. So, take care to ensure that payments fit your budget.

Payoff, Inc. doesn't offer home equity loans or HELOC, but Bank of America does with an introductory APR of 3.24% for the first 12 months. After that, rates change and vary by the state you live in. Bear in mind that APRs are variable — not fixed.

### Car loans

Payoff, Inc. does not offer car loans, but the good news is that if your credit is at least fair — meaning you have a FICO score of at least 640, you may qualify for a bad credit car loan. Interest rates will be higher and, according to Bankrate, that could mean 12.17% or more. So, if you can afford to wait and work on your credit, it might be better to do so.

Two potential bad credit car loan lenders include Auto Credit Express and Capital One. Both lenders have easy online applications and, if approved, funding is usually available the next business day.

### The final word

Payoff, Inc. might be a great resource for those looking to get out from under crushing credit card debt and back on the path to financial health. However, it's not for everyone. Payoff loans are limited to credit card debt and certain kinds of installment loans listed on your TransUnion credit report.

Any financing or banking needs beyond this are unavailable and individuals looking for more comprehensive financial services would do best to look elsewhere. However, if all you need is a personal loan to eliminate your credit card debt, then have a look at Payoff, Inc. It just might be the solution you've been looking for.

**Meta Description:** If you've ever wondered how to get out of the cycle of high-interest credit card debt, then this Payoff review might be for you. Read on for more details.

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