

Dealing with debt

Getting started

Being in debt can be extremely stressful. And if you're trying to get out of debt, it can be hard to know where to start. Here are a few things that you can do to get started:

- **Create a checklist.** Use the *Debt Tracker Worksheet* to list all of your debt in one place. As you pay off your debt, make sure to cross it off the list.
- **Prioritize your debt.** Most experts recommend paying off debt with the highest interest rates first, not the largest balance. Use the *Debt Tracker Worksheet* to determine how you will pay off your debt.
- **Reduce your interest rates.** Call your credit card companies and ask for a lower rate. Smaller monthly interest payments will give you more money to pay toward your balance.
- **Pay more than the minimum balance.** If you only pay the minimum balance, you're likely paying little more than the interest.
- **Stick to your budget.** It's easy to fall back into old spending habits. Review your budget and expenses frequently.
- **Use Cash.** We tend to spend more when using a credit card and less when paying with hard-earned cash.

Cutting back to pay off debt

Look back at the *Expense Tracker* and *Balanced Budget Worksheets* from the past two weeks. Now, use these tips to decide where you can make changes that will give you more money to pay toward debt:

1. Changing non-essential spending habits can help you start decreasing your debt.
2. Change variable fixed expenses by shopping around for less expensive car insurance, switching to a more economical cell phone provider, or taking public transportation.
3. Consider larger cost saving measures like refinancing your home, or downsizing from your new SUV to a less expensive car.

Now that you have a few ideas on where to get started, write out your pledge on how you plan to deal with your debt.



Take Action

Name: _____

Answer the question which best fits your financial situation:

- 1) I pledge to start reducing my debt by...
- 2) I pledge to continue staying out of debt by...



Debt Tracker Worksheet

This *Debt Tracker Worksheet* is a great tool to help you with your financial fitness. You don't have to turn in this worksheet – it's for you to use at home.