

5 Easy Ways to Get Out of Debt!

"I barely get by each month by making my minimum payments."

"We can't seem to make our payments on time each month. We are always running late."

"I want something better for my family."

"We deserve to be happy but, with all of these debts, I can't see any light at the end of the tunnel."

"I wish my creditors would just leave me alone. I'll pay them when I'm able to."

Being in debt is both a financial condition and a state of mind.

As time passes, your state of mind can cross over into panic, anger, and eventually, depression. There is nothing redeeming about being knee-deep in debt. Certain types of debt, such as a home or car, are considered good debt by many creditors.

To get out of debt you need to reduce your available credit. This doesn't mean you'll be unable to do the things that you want to do. It means you can have those things you need to make your dreams come true. However, financial responsibility also means being able to achieve your goals without sacrificing your future for instant pleasure.

When you put yourself in debt, you are selling a part of your future for items/services you may have purchased recently. You may have to take a job that you don't enjoy because you have entered yourself into a deal to swap future earnings for: the dinner out, a new TV, a vacation, car, etc.

You're probably thinking you can't afford to pay for those things in cash, and you may be right. In your present situation, you're not in a financial condition that allows you to save up large amounts of cash, or even any at all. This is where you need to take control of your life.

STEP ONE: Stop Incurring Debt

Sounds simple but it's not. Let's put aside your previous financial problems for a moment.

To stop a ship from sinking you need to plug the leak. You first stop more water from coming in, and then worry about pumping it out. This same principal applies to getting out of debt. If you immediately stop doing the things that got you into debt, you won't put yourself any further in debt. However, all of the fun things you were doing and buying were obtained on borrowed money. Ack! You've realized that you'll have to stop the fun stuff (and the process to do this might be difficult). You will have to stop any impulse buying, picking up the tab at dinner when out with friends, and buying more fun "stuff".

To stop the slide into deeper levels of debt, you need to realize that your ultimate goal of being debt free is much more rewarding than the feeling you get when buying that new computer software or outfit. You cannot imagine the inner peace and satisfaction you will feel once financial freedom is achieved because you've never experienced it. But, being able to make your dreams come true is a wonderful feeling. To get to that place you must stop putting yourself further in debt. You must not spend a single dime more for things you absolutely do not need. We aren't saying that you can't buy lunch out. We are saying that lunch out would be more satisfying if you did it just once a week, instead of every day. It would then become a treat instead of the norm. Pack your lunch four days a week and, if married, you will save about \$160 a month.



STEP TWO: Track the Cash

Do you know where you spend your money?

You can make guesses about how much you spend each month, but you're probably unaware of the actual amount. Before you can develop a game plan to achieve financial freedom, you need to identify your financial spending pattern. Everyone has their own pattern. To find yours, carry a pad and pen around with you. Each time you spend money write down the date, what it was for, and how much was spent. By simply writing down your expenses and reviewing the list, you will immediately cut out some of your unnecessary spending. This is usually a hard step for many to accomplish, so Debt Counselors of America has developed the ON-TRACK® program to assist you (contact Debt Counselors of America at (1-800-680-3328)).

At the end of the month you can break down your spending into categories such as: groceries, gas, rent/mortgage, etc. Then add up the individual items to find out exactly how much you spent in each area. Next, subtract the amount you spent during the month from the amount you earned. If you spent more than you earned you will need to either decrease your spending or increase your earnings. Review your previous month's spending and cut back in the areas where you are able. However, if you find that you are spending a lot of money on debt payments, contact Debt Counselors of America and ask about the ONE-PAY® program. Under this plan your monthly payments can be reduced and interest is often lowered, sometimes eliminated. If you are still having problems after trying this yourself, contact Debt Counselors of America.

STEP THREE: Plan for the Future

Before you begin to achieve financial success you first need to decide what your goals are.

Once you know the destination, you need to draw a map of how to get there. Write down your plan for becoming debt free and read it often. You can revise it as many times as you'd like. Set goals that you are capable of achieving. Some good examples of goals are: spending less than you earn each month, making regular monthly deposits into a savings account, and cutting back on eating lunch out. As you begin to see that you are capable of achieving your financial goals, you will realize that you really can be debt free.

STEP FOUR: Instant Miracles

Don't expect instant miracles.

You didn't get into debt overnight and you're not going to get out of it overnight. Sudden debt is usually caused by accident, illness, or divorce. However, most people slip slowly into debt over a long period of time. Getting out of debt means changing spending habits that you learned since you were young. It's difficult, but it is possible. Be patient, stay on course, and enjoy your new rewards.

STEP FIVE: Seek Professional Help

Find someone who is financially wise, and ask them to help you achieve the same financial freedom they enjoy.

If you are unable to find someone that can help you, contact Debt Counselors of America for assistance. Debt Counselors of America is a non-profit organization that assists consumers with their financial problems. Their counselors will help get you out of debt. Call 1-800-680-3328 to request information or visit www.dca.org.

