

12 QUICK STEPS TO BEING DEBT FREE...

START NOW!

1. Cut up your credit cards. Close the accounts out by writing to the financial institution which issued the card and requesting that the close out each account. Remember that cash, debit cards and checks work fine.
2. Use a debit card wherever possible. Debit cards give you the convenience of purchasing without adding to your debt load. They work like checks, only faster. Money for the items you just purchased is instantly deducted from your account, so you can't spend money you don't have.
3. Track your spending! Watch where your money goes on a daily basis. Get receipts for everything you buy. Register in your checkbook all your purchases paid for by check and keep all credit card sales slips until month end. The coffee, tea or snack you buy at break-time everyday adds up to about \$99 at the end of the month, and about \$1200 at the end of the year. If you're in doubt, calculate it yourself.
4. Spend less than you take home in income. The old saying of spending a quarter while making a dime must not apply to you at all. This is not a negotiable factor; it's something you absolutely must do now. It would help you to first reduce the debt that has piled up from years of living beyond your means and pay down the overall debt you are carrying.
5. Use the cash value on an insurance policy to help pay off your debt. It is much easier to borrow. After all, it's your money and secondly, the interest rate at which you borrow your money is usually lower than what you are paying on your credit card. Do not however take out more than you should and let the policy lapse. You need insurance.
6. Use the cash you've saved for a rainy day...it's now pouring.
7. When you get your paycheck, pay yourself first. It's a proven way to have some savings that can go towards your debt.

8. Take most of your revolving regular monthly payments off direct payment where necessary for a while. Take back control of your finances. Most institutions will say you have to pay by direct debit, but you don't. They want to ensure that they get paid and you must do the same. Your role is to ensure that the money is in the account and that your accounts are paid on time
9. If you have equity in your home, borrow 25 percent or less against it. Interest rates on a secured line of credit using your home are almost always at prime. In addition, there may be some added benefits at tax time regarding the interest amount paid on the loan being used as a deduction. Let me caution you, DO NOT borrow against the equity in your home unless you are absolutely sure you can make the additional monthly payment. Your home is the most valuable asset you will ever own. When you borrow against it you are using it as collateral and it can be lost as quickly as the first payment being late or missed, depending on the financial institution. NEVER TAKE OUT A SECOND MORTGAGE. If you can't pay the first, chances are you will never pay the second and within a short period of time may lose your home.
10. Sell Something. But make sure it's something you own. You cannot sell an item you are still paying for such as a car, big screen TV, surround sound system. However as an example, you can sell the car, pay off the bank or finance company and buy a less expensive car. You may even generate some cash to apply to some of your debts. You will definitely save money if you bought a car that is less expensive, easier to maintain and cheaper to insure. Secondly, look at some of the "toys" you have and decide if, for a newer model two years from now when you are debt free, it's not worth giving up the one you have now. If you own it, sell it and pay off some bills.
11. Stop shopping. You've bought it all and you are in debt, therefore you cannot afford anything else for a while. If you must buy, shy away from big price tag items and name brands. You can often get quality no name brand items for much less.
12. Transfer your balances from the high-interest rate credit card(s) you are carrying to ONE lower rate card.