



Tips If You're Facing Debt Problems

Top 10 Tips for Digging Out of Debt

Paying off debt is a matter of making more money than you spend, and then allocating the extra funds to outstanding balances — easier said than done, right? To some it may be just that easy, but to most, debt is so common that it eventually becomes a way of life. In fact the average family household averages \$9,000 in credit card debt.

The best thing you can do to improve your family's personal economy is pay down credit card debt. Once you have made a commitment to paying down debt, sit down and come up with a plan for payoff. The experts at [Union Plus C Union Plus Credit Counseling](#), provided through Money Management International, offer the following top ten tips to help you tackle debt:

1. **Control your credit.** You cannot borrow your way out of financial difficulty or become debt free by continually charging. A small loan to tie you over may be appropriate when facing a temporary setback. Don't get any deeper into debt. Save the credit card with the most favorable terms and cut the rest up. Make sure you check the fine print for information about punitive pricing, universal default and two-cycle billing. Avoid accounts that have any of those features.
2. **Assess your debt.** Gather all of your statements and find out whom you owe, how much you owe, and what interest rate you are paying. Know your credit limit.
3. **Adjust your spending.** Make a conscious effort to know the difference between needs and wants. Come up with a written plan for reducing your debt systematically. Develop a daily, weekly, or monthly budget. Record ingoing and outgoing income in a notebook for easy viewing.
4. **Communicate with your family.** It is imperative that all members of a family understand the financial situation so they can support change.
5. **Research your available resources.** Examine ways to increase income and decrease expenses. Consider selling non-essential assets or finding additional work. Transfer balances on credit cards with high interest rates to cards with lower interest rates.
6. **Establish priorities.** All your debts equally impact your family's finances (and your credit score), so it is important to pay each creditor every month. Consider allocating extra funds to the debts with the highest interest rates. Pay your bills promptly and pay more than the minimum balance if possible.

As you set priorities, use snowball debt payments. Set aside an amount of money to pay all your minimum monthly payments plus whatever extra you can afford. On all but your debt with the highest interest rate, pay the monthly minimum on time. Add the extra money you set aside to the minimum for that last debt. Continue this until that debt is paid. Then, apply what you were paying on that now-paid debt to the next one in line while you continue to pay the minimum amount on your other debts. The amount you pay on each successive debt "snowballs" as you pay off more and more allowing you to pay off each debt faster and faster. It's a proven method of getting of excess debt.

7. **Contact your creditors.** This is important! They'll work with you if you contact them. Avoiding them just leads to more problems. And, many creditors are willing to reduce interest rates for consumers who are facing temporary setbacks or those who are willing to ask.
8. **Avoid predatory lenders.** Payday loans and car-title loans may seem like a solution; however, the high fees will only dig you further into debt.
9. **Get help.** Career counseling, VA benefits, United Way agencies, and Consumer Credit Counseling Services (CCCS) like the [Union Plus Credit Counseling Service](#) all may be of assistance. Check out the [Union Plus Safety Net programs](#).
10. **Learn from your mistakes.** Once you have reached a comfortable and manageable level of debt, be sure to establish an emergency savings account to protect you from future setbacks.

Most importantly, remember to be both patient and persistent. If you get discouraged or find it hard to meet your basic financial obligations, go back and make adjustments to your plan. Paying off debt is rarely an easy process but you will find the financial and emotional benefits to be worth it once you are debt free.

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