

## Stuck in a mountain of DEBT?

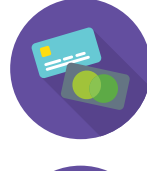
Debt is stressful, it's expensive and it limits the amount of money you can put toward your life goals

### GET ORGANIZED

Ready to design a debt repayment plan? Start by gathering the following information:

#### LIST ALL OF YOUR DEBTS

There are many types of consumer debt, although some are more common than others:



**CREDIT CARDS**



**MEDICAL BILLS**



**STUDENT LOANS**



**MORTGAGE**



**AUTO LOANS**



**PERSONAL LOANS**

#### FOR EACH DEBT, WRITE DOWN:

- THE BALANCE
- THE INTEREST RATE
- THE MINIMUM PAYMENT

#### FOR EXAMPLE:

<b>DEBT</b>	Gold Rewards Credit Card Debt
<b>BALANCE</b>	\$1,400
<b>INTEREST RATE</b>	19.05%
<b>MINIMUM PAYMENT</b>	\$30/month

### CHOOSE A STRATEGY

The strategy you choose will affect the order in which you pay off your debts:

#### THE SNOWBALL METHOD

##### HOW IT WORKS

Debts are arranged and paid off from smallest balance to largest balance



##### WHO IT'S FOR

This strategy is ideal for beginners or for those who rely on visible progress in order to feel motivated

##### WHY IT'S GREAT

Small debts are quickly crossed off your list, which can give you a confidence boost that helps you stick to your repayment plan

#### THE AVALANCHE METHOD

##### HOW IT WORKS

Debts are arranged and paid off from highest interest rate to lowest interest rate



##### WHO IT'S FOR

Ideal for those who truly believe that slow and steady wins the race—this strategy requires discipline and determination

##### WHY IT'S GREAT

This strategy eliminates your most expensive debt first, making it the most mathematically powerful debt repayment option

#### CONSOLIDATION

##### HOW IT WORKS

A new loan is taken out and the borrowed money is used to pay off all your other debts



##### WHO IT'S FOR

Those who are having trouble keeping track of all their various debts and repeatedly missing payment due dates as a result

##### WHY IT'S GREAT

You only have one loan—and one interest rate—to keep track of; factor in any additional fees before choosing this option

### MAKE A PLAN

After choosing a strategy, solidify the steps of your monthly repayment plan:

#### Add 'em up

Add up all your minimum payments—you must have this total in your monthly budget in order to avoid additional fees

#### Set a payment

Define an additional amount of money to put toward loan repayment every month—be generous and realistic

#### Start at the top

The debt at the top of your list (which will vary, based on your chosen strategy) will receive its minimum balance plus the additional funds you determined in Step 2

#### Increase your payment

When you pay off a debt, add its minimum payment to the repayment money determined in Step 2

#### Make the minimums

The rest of the debts on your list will receive their minimum payments



#### LOOK FOR LITTLE EXTRAS

Challenge yourself to reduce your spending in one budget category each month. Put the savings toward your debt repayment fund. Switch the category every month to save some extra bucks without feeling deprived.

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Sources: Credit Counselling Society, Forbes, Investopedia.com, TheBalance.com, TheSimpleDollar.com