

Tips for Paying Off Debt

1. Put your credit cards away until you have completely paid off the outstanding balances. Paying for your purchases with cash instead of credit will help you separate needs from wants.
2. Make a complete list of all of your debts (outstanding balances, interest rates and charges) and prioritize them in order of importance. Mortgage payments and vehicle payments are typically at the top of most lists.
3. Review your monthly expenses and look for opportunities to cut your costs. Making your cup of coffee in the morning instead of buying a \$3 specialty coffee will save you over \$1,000 a year! Check your spending for more ways to save.
4. Create a monthly spending plan and track your purchases to help you stay within your budget and maximize your ability to pay down your debt.
5. Establish realistic goals for paying off your credit card debt as well as other consumer debt (lines of credit, vehicle loans). While it is easy to run up credit card balances in a short period of time, it will take time and self discipline to pay them off. Monitor your progress regularly to help you stay on track and motivated to reach your goals.
6. After paying debts that are on fixed monthly payments (mortgages, vehicle and term loans), make the minimum payments required on your credit cards with the lowest interest rates and maximize your payments on the credit cards with the highest interest rates. Once a debt is paid use this extra money to pay down the credit card with next highest interest rate. This will save you money and help you pay down your debt faster.
7. Consider paying off credit cards with small balances first. Psychologically it shows that you are making progress. Once paid, cut up and cancel the credit cards. Most people only require one major credit card and perhaps one retail credit card with savings incentives during special sales events.
8. If you regularly contribute to a savings plan consider suspending the payments until you have paid off your debt. The money you save by paying down your debt faster will be substantially higher than the interest you will earn in a savings plan. Also consider using income tax refunds, pay increases or other unexpected funds to pay down your debts.
9. Consider consolidating your debts with a consolidation loan or transferring your credit card balances to a low rate credit card. Carefully investigate the terms, conditions and any hidden fees as well as evaluating the overall interest savings you may realize. Cut up and cancel your credit cards if you choose this option, otherwise you may be tempted to continue using your credit cards and further increase your debt load.
10. If you are overwhelmed by your current financial circumstances or have difficulty maintaining a monthly budget, the Credit Counselling Society can help with confidential and unbiased advice and information. Call us toll-free or visit us online.



For more information about budgeting, the wise use of credit and options for dealing with debt, please contact the Credit Counselling Society at **1.888.527.8999** or log onto **www.NoMoreDebts.org**. We are a non-profit service, helping individuals and families with free, confidential, and unbiased counselling, information and referrals.