

Debt Solutions: Practical Steps to Reduce What You Owe

Key Takeaways

1

Debt vs. Credit

Debt is money already borrowed that must be repaid, often with interest.

Credit is the ability to borrow money.

2

Impact of Debt

Debt ties up future income because payments reduce what's available for other goals.

While debt can provide access to things you can't buy outright (like a car or home), it can also delay or limit financial progress.

3

Understanding Your Own Debt

Reflect on why the debt was taken on (needs vs. wants).

Identify behaviors that contribute to overspending and make adjustments.

Gather details of each debt—balance, interest rate, due date—to form a clear picture of your obligations.

4

Behavior and Habits

Debt reduction requires consistent effort and often lifestyle adjustments.

Building new habits—like saving regularly or avoiding impulse purchases—creates lasting change.

Persistence is essential because progress can be slow at first.

5

Debt Reduction Strategies

Avalanche Method: Pay off debts with the highest interest rate first. Saves more money over time but requires patience.

Snowball Method: Pay off the smallest balances first. Creates quick wins that build motivation but may cost more in interest.

Other Options

Balance Transfer, Debt Consolidation, Debt Negotiation and Bankruptcy



My Debts

This worksheet helps you organize all your debts in one place so you can clearly see what you owe, to whom, and under what terms. Keeping this information updated is the first step in creating a realistic repayment plan and tracking your progress toward becoming debt-free.

Who Do I Owe	Total Amt. Owed	Pmt. Amt. (Min. Pmt.)	Pmt. Due Date	Interest Rate/Other	Notes
TOTALS:	\$ -	\$ -			