

DEBT RESOURCES

If you find yourself overwhelmed with consumer and credit card debt, there are many methods, techniques, and tips to help.

Practical Steps to Get Out of Debt:

- Commit 100% to the process. Half-hearted attempts rarely succeed. Acknowledge there is no “quick fix” to getting out of debt and that the process will take time. It is not a sprint ... it is definitely a marathon.
- Commit to not accumulating any more debt. Establishing a budget and having an emergency fund are essential. You may also consider freezing your credit cards to help create discipline.
- Get an accountability partner. Having someone check on your progress and hold you accountable greatly increases success.
- Get organized! You can't tackle debt until you are honest with yourself and know each debt you have, the interest rates, the minimum payments, and the penalties.
- If you like to live in the technical world, get an app that will help with debt reduction. There are many good ones out there and it is important to choose one that fits well with your habits and personality.
- Choose a debt reduction method that resonates with you. Two of the most popular methods, the Debt Snowball and the Debt Avalanche, are described below.
- Consider transferring credit card balances to a card with a lower rate. You can often find promotional offers for zero percent interest for a specified amount of time. However, watch for transfer fees and be aware of the interest rate after the promotional period.
- Consider calling creditors and asking for a lower rate. But make sure you are current with your payments before you call. They will be more willing to work with you if your account is in good order.
- Find new ways of producing income. Have a garage sale, turn a hobby into a source of income, get a side/second job for a time ... get creative! Apply the additional income to your debt.
- Consider refinancing your mortgage for a lower monthly payment. Use the difference each month to pay down your debt. Be sure to watch for the fees involved and make sure it is advantageous for you in the long run.
- Delete credit card information from online accounts. If you have to enter this information each and every time you make a purchase, it will force you to consider if the purchase is worth it.
- If you find yourself becoming depressed, angry, or anxious about your debt, you may want to see a counselor. Taking care of your mental health in this process is essential.
- If you feel you will not be disciplined enough on your own (even with an accountability partner), consider using a credit counselor. While there are fees for this service, it can be helpful for some. Credit counselors can help you plan, negotiate, and consolidate your debt. Be sure the counselor is certified, and ask about fees up front. We highly recommend Christian credit counselors who understand the biblical stewardship mindset.

- **CELEBRATE EACH AND EVERY VICTORY ... NO MATTER HOW SMALL!** Set “mini-goals” and celebrate when they are reached! Remember, this is a process, and this will help keep up your motivation.

Popular Debt Reduction Methods:

Debt Snowball

In this method of debt reduction, you pay as much as possible on your smallest debt, while making the minimum payment on all other debts. When you pay off the smallest debt, apply the money that was going to that debt to the next smallest debt. This creates a “snowball effect”. When you get to the last, biggest, debt, you are applying all the payments you used to make on the smaller debts and can pay it off quicker. This method is the most psychologically rewarding because you see progress quicker and stay motivated as you see your smaller debts melt away.

Debt Avalanche

With the debt avalanche method, you focus on paying off your debt with the highest interest rate first, while making the minimum payment on all other debts. Once you knock off the highest rate, you put those funds toward working on the next highest rate. The victories don’t come quite as quickly as with the debt snowball method, but over time, you will pay less interest with this method.

Having an overwhelming amount of consumer and credit card debt is certainly related to spending habits. But it is also a heart issue. A leader in the Christian financial industry once said debt is “a subtle and deceiving attitude whereby you have more confidence in what credit can provide for you than what Christ can provide for you.” Confess this unhealthy dependence and turn to God and His ways. A healthy prayer and devotional life is immensely important to Christians getting out of debt.

Congratulations for committing to reducing your debt. You are among friends on your *Stewardship Well Done Journey*. We are cheering for you all the way.