

# Financial Literacy Series: Paying Off Debt and Finding Money



*Reading Activities for Smart Financial Choices*





The READ Center developed the financial literacy series to equip students with the knowledge and skills they need to manage money effectively.

Financial literacy includes understanding how a checking account works, what using a credit card really means, and how to avoid debt.

Financial literacy is the first step to financial well-being.

## DID YOU KNOW



- People use two main methods when deciding what debt to pay off first.
- Closing your credit card does not mean you don't still have to pay of the balance.
- Paying cash for anything under \$100 can help you save money.

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### IN THIS BOOK, YOU WILL BE LEARNING:

- Which debts to pay off first.
- How to respond to a debt collector.
- Who to turn to for help.

# WHAT DEBTS DO I OWE?



## START WITH ONE QUESTION:

How much do you think you spend on debt payments each month?



### This tool will help you:

- See a full picture of all your debt payments
- Figure out when you will pay off your debts with your current repayment plan
- Remember when all your debt payments are due
- Understand how much money you may be able to put towards paying down debt faster

### What you'll need:

- Loan statements showing: monthly payment amounts, due dates, and interest rates
- Your credit report (you can use the Credit Report tool).

**TIP:** If a debt collector is contacting you, you can use the Dealing with Debt Collectors tool or visit [cfpb.gov/debt-collection](https://cfpb.gov/debt-collection).

## THINK ABOUT THE TYPES OF DEBT YOU HAVE:



Auto loan



Back child support



Credit card debt



Friends & family



Medical debt



Past-due fees & fines



Mortgage or past-due rent



Payday loan



Student loan

If you don't have all the information you need to complete the debt log, these documents can help you fill in the blanks:

### Credit report:

- The amount of your monthly payments
- The balance (the amount you still owe)
- Whether you are up-to-date or more than 30 days late
- Your status, such as owner, co-owner, co-signer, or authorized user.

### Credit card statement:

- Payment date
- Minimum payment
- Interest rate
- Balance and payoff date if you continue to make minimum payments

### Loan or mortgage agreement:

- Interest rate and fees
- Payment date
- Payoff date

### Additional resources:

For information on your federal student loans, visit the **National Student Loan Data System** website at [nslds.ed.gov](http://nslds.ed.gov).

### Court orders:

- Payment amount
- Due date
- Any other terms

### Billing statements:

- Past-due amounts
- Late fees



## Use this debt log to see what you owe

- 1 List all the debts you have.
- 2 Fill out the table to see your total monthly debt payment.
- 3 Circle any debts in collections.

### MY MONTHLY DEBT PAYMENTS:

### OTHER INFORMATION ON MY DEBTS:

| DEBT                          | PAYMENT AMOUNT | PAYMENT DUE DATE | UP-TO-DATE? | NOTES INCLUDING FEES | INTEREST RATE % | TOTAL \$ LEFT TO PAY | PAYOFF DATE OR GOAL |
|-------------------------------|----------------|------------------|-------------|----------------------|-----------------|----------------------|---------------------|
|                               |                |                  |             |                      |                 |                      |                     |
|                               |                |                  |             |                      |                 |                      |                     |
|                               |                |                  |             |                      |                 |                      |                     |
|                               |                |                  |             |                      |                 |                      |                     |
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|                               |                |                  |             |                      |                 |                      |                     |
|                               |                |                  |             |                      |                 |                      |                     |
|                               |                |                  |             |                      |                 |                      |                     |
| TOTAL MONTHLY PAYMENT AMOUNT: | \$             |                  |             |                      |                 |                      |                     |

## WHICH DEBT TO PAY OFF FIRST?

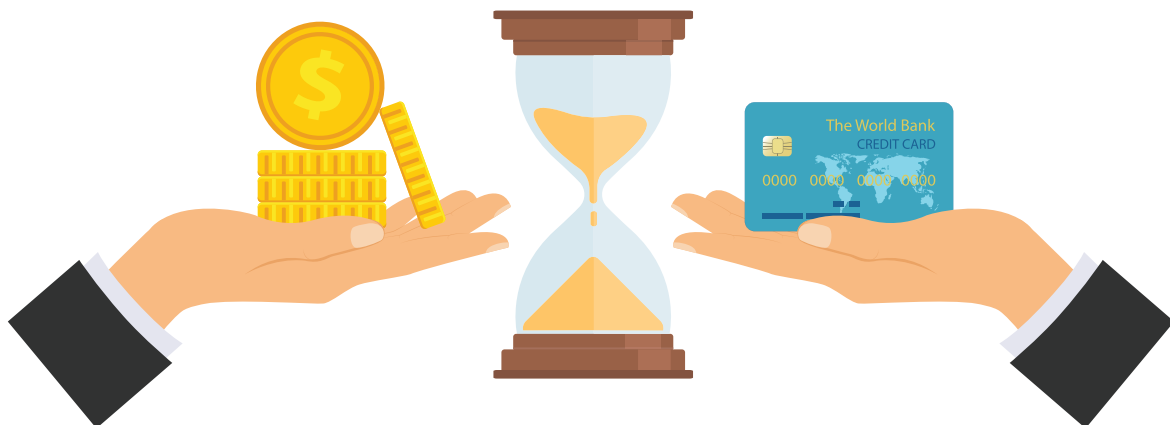
After you have listed all your debts in the debt log, it is time to decide who to pay off first. When paying off debt, the idea is that each debt gets the required minimum payment and any extra money gets put towards one of those debts to speed up the payoff of that debt. Let's say you have \$100 each month to pay off debts. This is what you owe:

|                   | Interest Rate | Amount Owed | Minimum Payment | Current Status |
|-------------------|---------------|-------------|-----------------|----------------|
| Joe's credit card | 5.9%          | \$5,000     | \$20            | Past due \$35  |
| Sam's loans       | 4.75%         | \$7,000     | \$40            | Current        |
| We Give Money     | 9.5%          | \$6,000     | \$30            | Current        |

In our example below, you have \$10 in extra money each month and that extra money should be used to pay off any late or missed payments. This means you would make the following payments:

|                   | Monthly Payment |   |
|-------------------|-----------------|---|
| Joe's credit card | \$30            | \$20 min. payment<br>+ \$10 extra money |
| Sam's loans       | \$40            |   |
| We Give Money     | \$30            |   |

It will take you about 4-5 months to get Joe's credit card current. After you are caught up, you have a choice to make.



## Pay the debt with the highest interest rate first

Remember, you are still making the required minimum payments to all your debts. Under this plan you would send all extra money to the debt with the highest interest rate.



|                   | Monthly Payment |   |
|-------------------|-----------------|---|
| Joe's credit card | \$20            |   |
| Sam's loans       | \$40            |   |
| We Give Money     | \$40            | \$30 min. payment<br>+ \$10 extra money |



### PRO

You will save the most money in interest once all the debts are paid off.



### CON

If your debt with the highest interest rate is also your debt with the highest balance, it can take a long time to see progress. This can be discouraging.

Once you pay off a debt, update your debt log. All remaining debts still get the required minimum payment except the one with the highest interest rate. That debt gets the minimum payment it requires + your extra money + the minimum payment of the debt that just got paid off.

|                   | Monthly Payment |  |
|-------------------|-----------------|--|
| Joe's credit card | \$60            | \$20 min. payment<br>+ \$10 extra money<br>+ \$30 from We Give Money |
| Sam's loans       | \$40            |  |
| We Give Money     | Paid off        |  |

## Pay the debt with the smallest balance first

Remember, you are still making the required minimum payments to all your debts. Under this plan you would send all extra money to the debt with the smallest balance.

|                   | Monthly Payment |   |
|-------------------|-----------------|---|
| Joe's credit card | \$30            | \$20 min. payment<br>+ \$10 extra money |
| Sam's loans       | \$40            |   |
| We Give Money     | \$30            |   |

Once you pay off a debt, update your debt log. All remaining debts still get the required minimum payment except the one with the lowest balance. That debt gets the minimum payment it requires + your extra money + the minimum payment of the debt that just got paid off.

|                   | Monthly Payment |  |
|-------------------|-----------------|--|
| Joe's credit card | Paid off        |  |
| Sam's loans       | \$40            |  |
| We Give Money     | \$60            | \$30 min. payment<br>+ \$10 extra money<br>+ \$20 from Joe's credit Card |



### PRO

You will be able to see progress quicker.



### CON

You can end up paying more money in interest in the long run because your smallest balance could have the lowest interest rate.

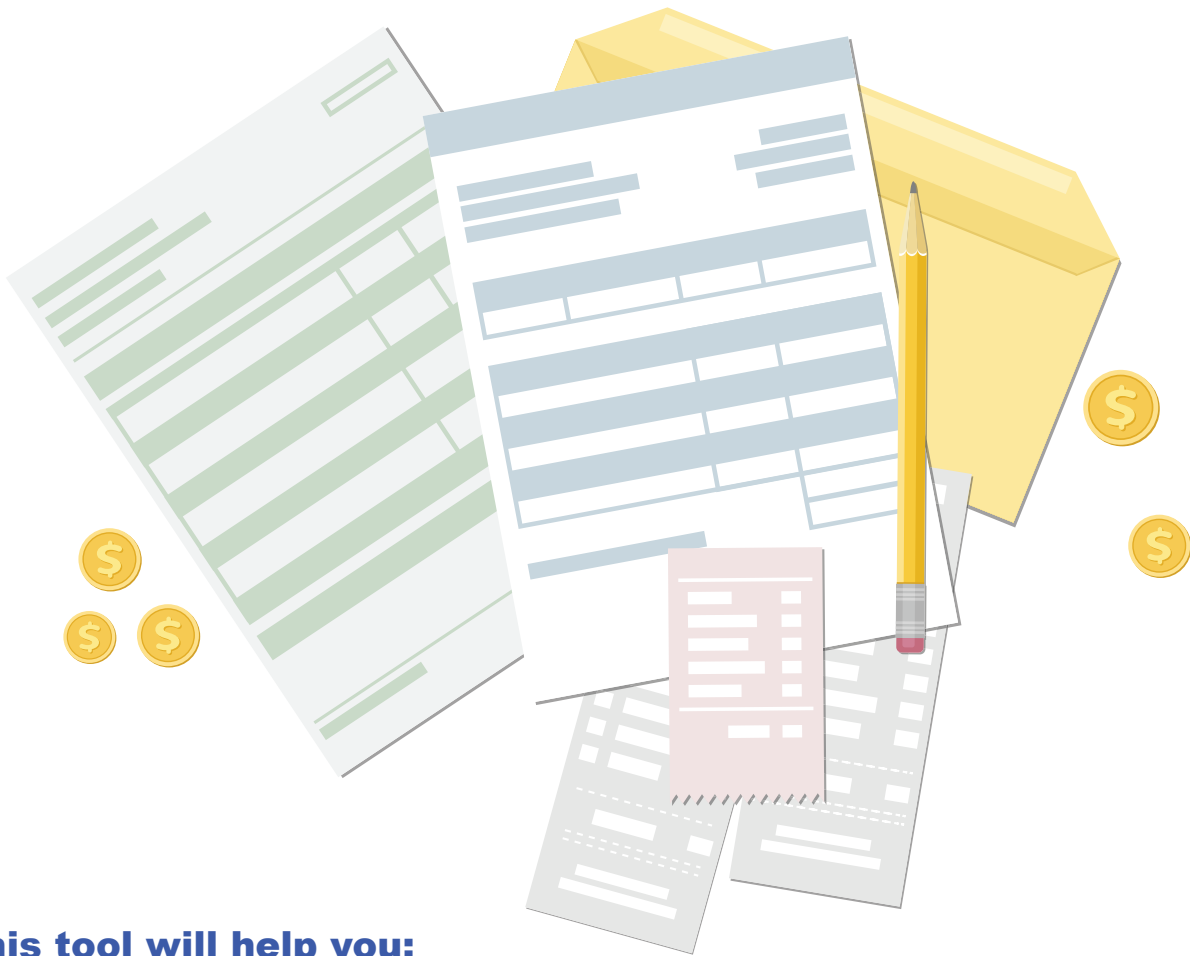


# WHICH DEBTS DO I PRIORITIZE IN TIGHT MONTHS?



## START WITH ONE QUESTION:

How do you decide which debts to pay first?



### This tool will help you:

- Understand the consequences of missing or delaying payments when you can't pay the monthly minimum
- Figure out the trade-offs in your situation
- Create a plan to make this month's most important debt payments

### What you'll need:

- Any overdue notices
- Any letters that threaten eviction, foreclosure, repossession, default, or discontinuation of service

Use this monthly snapshot to better understand how much money you can use to pay your debts. It will also help you balance your income, expenses, and debt payments.



### How much money do you receive each month?

\$

#### *Some sources might be:*

- Primary and second jobs
- Disability benefits
- Government programs
- Financial support



### Subtract your monthly expenses

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#### *Besides debt payments, examples of monthly expenses might be:*

- Rent and utilities
- Cell phone
- Transportation
- Groceries
- Education and childcare



### What's left can be put towards paying debts

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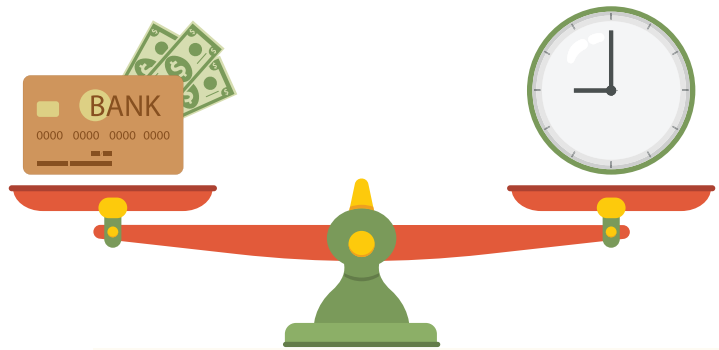
## Keep in mind

Falling behind on secured debt payments can be especially risky. If you miss payments, you can lose things like your car or house.

**Estimating your monthly spending is a good start.** If you want a clearer picture of where your money goes, track your spending for a month using the “**Spending Tracker**” in the CFPB’s “**Behind on Bills**” booklet or “**Your Money, Your Goals**” toolkit at [cfpb.gov/your-money-your-goals](http://cfpb.gov/your-money-your-goals).



# WEIGH THE RISK OF MAKING A LATE DEBT PAYMENT



## First, think about your debts.

To keep or get a job, I need to pay:

- Auto loan
- Auto title loan
- .....

To stay housed and keep utilities on, I need to pay:

- Back rent
- Mortgage
- Past-due utility bills
- .....

**TIP:** Late mortgage payments or an eviction can make it harder to find a new place to live.

Obligations I need to pay:

- Court-ordered judgments and obligations such as back child support or past-due fines/court fees

Other debts:

- Credit card debt
- Debts in collection
- Loans from friends and family
- Medical debt
- Past-due bills
- Payday loans
- Student loans
- .....

**TIP:** Credit card companies may raise your interest rates if you pay more than 60 days late.

## Now, prioritize your payments.

Ultimately, you're responsible for paying all of your debts on time. But, if you have to delay some payments, think about the order you want to pay them in.

**HIGHEST**  
**priority payments**  
*(I'll pay these first)*

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**LOWEST**  
**priority payments**

# HOW DO I RESPOND TO A DEBT COLLECTOR?

## This tool will help you:

- Take actions to verify whether the debt is valid
- Know how to dispute the debt if you do not owe it
- Know what to do next if you do owe the debt



**START WITH ONE QUESTION:**  
Are debt collectors contacting you?



## Know your rights:

### A debt collector *cannot*:

- Call repeatedly to harass or abuse you
- Use obscene language
- Make a false or misleading statement about what you owe
- Publish your name for not paying a debt
- Lie to you

If debt collectors harass you, they may be violating the law.

## Need to submit a complaint?

[cfpb.gov/complaint](https://cfpb.gov/complaint)

## Additional resources

### Have more questions about debt collection?

Find CFPB debt collection resources, including sample letters you can send to debt collectors, at [cfpb.gov/debt-collection](https://cfpb.gov/debt-collection).

### Having an issue with a debt collector?

Submit a complaint with the CFPB at [cfpb.gov/complaint](https://cfpb.gov/complaint).

### Need help finding a credit counselor?

To find a certified credit counselor, visit [usa.gov/debt](https://usa.gov/debt).

### Need help finding an attorney?

To find an attorney in your state who can advise and represent you if you are sued on a debt, visit [cfpb.gov/askcfpb/1433](https://cfpb.gov/askcfpb/1433).

# IF A DEBT COLLECTOR CONTACTS YOU, DON'T IGNORE IT!

## Ask for information

If you're not sure about the debt or the amount, ask for more information (or send a letter to the debt collector).

- Collector's name and address
- Original creditor's name and address
- Account number
- Amount owed
- When account became delinquent
- When collector obtained the debt and the amount it was then
- Whether the debt's statute of limitations has expired (and you can no longer be sued for the debt)
- Documentation proving you're required to pay
- A copy of the last bill

**Be cautious.** No matter what debt collectors say, you don't have to give sensitive info like your full Social Security or bank account numbers.

**Keep records.** Write down dates, times, and notes for every call. Save everything debt collectors send you and the original copies of anything you send them. These will help if you have a dispute or go to court.

## Resolve

**If the debt is not legitimate, don't delay in disputing the debt!** Send the debt collector a letter disputing the debt immediately. You may lose your ability to dispute the debt if you wait until after a court issues judgment.

**If the debt is legitimate, don't despair!**

At least now you know what you're dealing with. You still have options:

- Try to settle with the debt collector for a smaller amount that will fully resolve the account. (You can do this yourself by contacting the collector.)
- OR, negotiate a payment plan that will give you more time to pay down your debt;
- OR, pay the debt in full and move on.

**If you're sued by a debt collector, be sure to respond to court documents.** If you don't respond, the court will usually assume you agree with what the creditor says, and issue a money judgment against you. You may want an attorney to advise or represent you at the hearing.

## WHO ELSE CAN I TURN TO FOR HELP?

### These resources may help you:

- Get your mortgage back on track to save your home
- Manage medical bills
- Deal with debt
- Get a response from banks and debt collectors
- Find a lawyer

### What to Do:

- Add any relevant local resources
- Photocopy and cut into eight referral cards
- Keep the cards in your wallet or a handy place



### START WITH ONE QUESTION:

Is there anything else about your debt you're concerned about?

### Keep in mind

**Dealing with debt settlement companies can be risky.** Some debt settlement companies promise more than they can deliver. Consider all of your options, including working with a nonprofit credit counselor.

**Certified credit counselors** can advise you on managing your money and debts. To learn more, visit [cfpb.gov/askcfpb/1451/](https://cfpb.gov/askcfpb/1451/).

**Avoid doing business with any company that promises to settle your debt if the company does any of these:**

- tells you to stop communicating with your creditors
- tells you it can stop debt collection calls and lawsuits
- charges any fees before it settles your debts
- guarantees it can make your debt go away
- guarantees that your unsecured debts can be paid off for pennies on the dollar
- says it has a “new government program” to bail out personal credit card debt





### Need help with rent, mortgage, or utility payments?

- If you think you may be in danger of foreclosure, call the Homeowner's HOPE Hotline: **888.995.HOPE**



### Need help with medical bills?

- To find out how to contact your state Medicaid center, visit: **medicaid.gov/about-us/contact-us/index.html**
- To find out about a charity care reduction on a hospital bill, contact the hospital



### Need help getting a bank or debt collector to respond?

- Submit a complaint with the CFPB: **cfpb.gov/complaint**
- Contact your state attorney general's office: **naag.org/naag/attorneys-general/whos-my-ag.php**



### Need help finding a lawyer?

- You may qualify for free legal services through legal aid, depending on your income and where you live. Check your state's Legal Aid Directory visit: **cfpb.gov/askcfpb/1549**



### Need help finding a credit counselor?

- To find a certified credit counselor, visit: **usa.gov/debt**



### Need help with student loan debt?

- To find out more about student debt, visit: **cfpb.gov/paying-for-college**



### Need help with...?

- Have money questions? Visit "Ask CFPB": **cfpb.gov/askcfpb**

# DEBT NEGOTIATION VS. CREDIT COUNSELING

Two kinds of companies commonly help individuals and families to get out of debt. These are debt negotiation companies (also called debt settlement or debt resolution firms) and credit counseling companies (sometimes called debt management companies). The two are quite different. Understanding the differences between these companies can help you get the help you need.

| DEBT NEGOTIATION/<br>DEBT SETTLEMENT/<br>DEBT RESOLUTION FIRMS |  | V/S | CREDIT COUNSELING/<br>DEBT MANAGEMENT<br>COMPANIES |  |
|--|--|-----|--|--|
| <b>What they do:</b>   | Work with you to lower the <u>outstanding balances</u> on existing debts.  |     | <b>What they do:</b>                               | Work with you to <u>lower interest rates</u> on your existing debt.  |
| <b>Who it is good for:</b>                                     | People who cannot pay off their debts but are able to put aside a smaller amount of money on a regular basis.  |     | <b>Who it is good for:</b>                         | People who are facing a less-severe financial hardship. It also can provide budgeting and financial management skills. |
| <b>Savings:</b>  | Often can save 50 percent of the total debt (before fees). You make one payment each month while in the program. This amount usually is far less than all minimum monthly payments you faced before beginning the program.             |     | <b>Savings:</b>                                    | Monthly payments are often lower than the minimum monthly payments before entering the program.                        |
| <b>Length of program:</b>                                      | Qualified clients who stay with the program usually fully resolve their debts in two to four years.  |     | <b>Length of program:</b>                          | Often takes up to five years due to the combination of creditor payments and monthly program fees.                     |
| <b>Costs:</b>  | Individuals pay the debt negotiation company a fee. This is usually a percentage of the debt enrolled in the program. People pay only after the firm has successfully settled the debt, and after the consumer accepts the settlement. |     | <b>Costs:</b>                                      | Participants pay a monthly fee, usually around \$10-\$15 per month per debt account enrolled.                          |



| <b>DEBT NEGOTIATION/<br/>DEBT SETTLEMENT/<br/>DEBT RESOLUTION FIRMS</b> |  | <b>V/S</b> | <b>CREDIT COUNSELING/<br/>DEBT MANAGEMENT<br/>COMPANIES</b> |   |
|---|--|------------|---|---|
| <b>What happens to your credit report:</b>                              | Debt negotiation does not leave a permanent bankruptcy judgment on the credit profile.   |            | <b>What happens to your credit report:</b>                  | May have less of an impact on your credit profile than debt negotiation because you are still paying bills monthly. However, can make it more difficult to qualify for a mortgage or vehicle loan while in the program. |
| <b>Possible risks:</b>  | Because you do not pay creditors while you are accumulating settlement funds, creditors may contact you during the negotiation period. You should expect to get help with managing creditor calls from the debt negotiation company. Creditors also may take legal action against you for unpaid accounts during the program period. |            | <b>Possible risks:</b>                                      | Many credit counseling agencies also receive payments from credit card companies. This has the potential to create a conflict of interest for the consumer.   |

If you think one of these methods might be helpful for you, take the time to research companies in each field. Ask companies you are considering about your situation. Many reputable debt negotiation companies are members of the American Fair Credit Council. The U.S. Federal Trade Commission recommends checking out credit counseling companies with your state Attorney General and local consumer protection agency.



# HOW CAN I GET EXTRA MONEY OUT OF MY SITUATION?

## This tool will help you:

- **Earn more** by taking on work or charging for services
- **Get money quickly** by selling stuff or expanding your benefits
- **Spend better** by developing habits that save you money
- **Cut costs** by avoiding fees or canceling memberships

## Think about this:

**If you run out of money before the end of the month**, think about ways you can increase income and decrease spending. This tool has prompts that can put you on the path toward more money in and less money out. Share options you've identified with others in your household and build your plan together.



### START WITH ONE QUESTION:

What's something that people say you're good at?



## A step further

- Borrow DVDs and CDs for free at your local public library.

**TIP:** Don't forget to return them on time to avoid late fees.

- Pay parking tickets and other fines on time to avoid additional charges.

- Maintain your car: Keeping up on oil changes and tire pressure can save you money on fuel and repair costs.
- See if you can increase the deductible on your car insurance to lower monthly payments.

- When buying groceries, check the price label for cost per serving.

**TIP:** Sometimes larger quantities don't actually save money.

- Consider restaurants with "Kids Eat Free" nights.

**TIP:** Make sure you know what each offer includes.

- Look for sales and coupons for things you need.

- Check to see if you qualify for weatherization incentives or programs for your house.

By bringing in more money or resources and spending less, I want to free up:

\$ .....

## Think about some ways to bring in more money:

### Skills I have:



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What do people count on you for?  
Cooking, crafts, yard work, a second language, babysitting?

### Other options I have:



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### Programs I can consider:



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Do you qualify for public housing or benefits (TANF, SNAP, Medicaid, LIHEAP)?

- Can you run errands for someone, give people rides, or sell produce from your garden?
- Can you sell stuff you no longer need (old equipment, extra clothes) at a yard sale or online?

## Think about some ways to spend less money

### Fees I can avoid:



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Do you pay fees to access your money—for example, from ATMs or check-cashing services? Can you open a no-fee bank account?

### Utilities I can reduce:



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Can you unplug appliances when not using them? Can you set your thermostat lower during winter and higher during summer?

### Plans I can change:



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Do you qualify for a “Lifeline” phone rate? Do you have memberships you’re not using (magazine subscriptions, movie-streaming services, gym)?

### Habits I can change



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What would you consider changing to save money? Cooking at home vs. eating out, buying second-hand vs. buying new?

# WHAT IF YOU SAVED THE MONEY INSTEAD?



## Expenses Costing \$25–30 per Month

|   |      |
|---|------|
| Large Pizza with 2 toppings—every two weeks | \$24 |
| Cable TV                                    | \$30 |
| Cell Phone                                  | \$30 |
| Six pack of beer—every Friday night         | \$24 |

| SAVINGS*       |                |                |
|----------------|----------------|----------------|
| over 5 years   | over 10 years  | over 15 years  |
| <b>\$1,800</b> | <b>\$3,900</b> | <b>\$9,000</b> |

## Expenses Costing \$50 per Month

|  |      |
|--|------|
| Dinner out after every paycheck—\$28 every 2 weeks | \$56 |
| Haircut/color at fancy salon—\$70 every six weeks  | \$53 |
| Taxi ride every Friday night—\$12 per ride         | \$48 |

| SAVINGS*       |                |                 |
|----------------|----------------|-----------------|
| over 5 years   | over 10 years  | over 15 years   |
| <b>\$3,200</b> | <b>\$7,000</b> | <b>\$16,500</b> |

*\*Savings are assumed to be earning 3%, compounded monthly from the beginning of each period. Amounts are rounded for demonstration.*

## Expenses Costing \$100 per Month

|                                    |       |
|------------------------------------|-------|
| Lunch “out” (\$5 every weekday)    | \$100 |
| Cigarettes (1 pack a day @ \$4.00) | \$120 |

| SAVINGS*       |                 |                 |
|----------------|-----------------|-----------------|
| over 5 years   | over 10 years   | over 15 years   |
| <b>\$6,500</b> | <b>\$14,000</b> | <b>\$32,900</b> |

## TIPS FOR SAVINGS MONEY

When money is tight, or you are trying to increase your savings, you may be looking for additional ways to save money or you may want to start saving if you have no savings. You may need to prioritize saving before paying off your debt in some situations. Often when you are barely getting by, it seems impossible to find additional ways to save money. However, it is times like this when you need to work even harder to give yourself the extra savings you need as a cushion to cover unexpected expenses. It is so important to make saving money a priority. Here are several ways you can save money even when money is tight.

### 1 Change Your Television Service

One of the easiest ways to find extra money to put towards saving money is to cancel your cable bill. It's often amazing the amount that people pay to watch television. Usually, the conversation will come up and people will be complaining about the \$100 or more a month bill.

You may want to cancel everything entirely, but if that does not appeal to you consider using Netflix or Hulu+ to get your television fix. The combined services cost around \$20.00 a month and you can put the extra savings in the bank each month.

### 2 Look at Your Food Bill

Another way that you can often find more money is by changing the way that you eat. Many of these changes will also benefit your waistline, though it may take a bit longer for you to prepare your food each day. The best thing you can do is to stop eating out.

If you are eating out every day, you can easily save \$40-\$50 a week, or more, if you are eating out at nicer establishments. If you rarely eat out, you can save money by cutting back on the convenience foods and cooking from scratch.



### 3 Take Advantage of Online Deals

It can be hard to stick to your budget, especially when you feel like you can never have any fun. It is important to budget money for entertainment costs, but you can save money on these costs by taking advantage of online deals that you can get through Amazon Local, Living Social or Groupon.

The trick for these deals is to only buy the ones that you know you will use and to stop once you have hit your limit for the month. You can score some great deals on everything from massages to dinner for two. You need to be careful that you do not end up spending more than you planned.

## 4 Cut Every Category Just a Little Bit

When finances are tight, you may have already cut all the extras from your budget. A budget like this would have no gym memberships, no cable television, and very little in entertainment. When you are just getting by, you still need to save money each month.

Try finding ways to save \$5 to \$10 per category in your budget and put that money toward your savings or emergency fund. You can often save another \$5 per week at the grocery store by dropping one item from your list.

If you conserve fuel, you may be able to cut back on the amount you spend on gas each month. Adjust your thermostat so that you are not paying as much in heating and cooling costs. You can nickel and dime your way into saving.

## 5 Find a Way to Cut Back on Big Expenses

Look at your overall budget. Is your car payment too much? Can you find a cheaper place to live that is still nice? Could you move in with roommates to save on rent?



These options may be the last steps you take as you look for ways to increase your savings, but they really can help you save a large amount of money on your bills each month.

The lower you keep these costs the easier it will be to stick to your budget. If you do decide to sell your car, be sure that you handle it correctly and that you buy a reliable car.

## 6 Switch to Cash for Your Daily Expenses

While it may not be practical to pay your rent or utility bills in cash, switching to cash for entertainment expenses and your grocery bill can help you cut back on your spending.

It helps to have a hard limit on your spending. By using cash, you will be more aware of what you are spending and will stop when it runs out.

It may mean making choices at the store to put things back or buying at a later date. It can help you determine the best way to use your money since you will be prioritizing what you spend.

## 7 Work on Paying Off Your Debt

High-interest debt, like credit cards, can eat up your monthly income. You may be surprised at just how much you are paying in interest each month if you are carrying a balance on your credit cards.

Taking the steps to pay off your credit cards as quickly as possible will free up additional money in your budget and make it possible for you to do more things with your money. If you want to be more comfortable and save getting rid of your debt is an important step.

## 8 Evaluate your fixed expenses

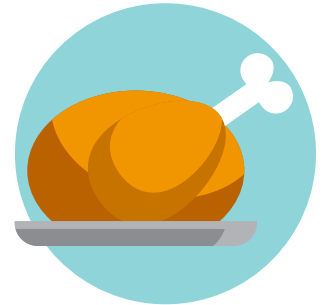
Obviously “fixed” doesn’t sound too promising, but there’s still no harm in trying to find flexibility in your monthly expenses. If you’re renting, you may be able to negotiate your rent down or find ways to get better deals on things you don’t think about very often like car insurance.

Also, take some time and evaluate if you are overspending on your living expenses (i.e. living somewhere that is larger or more expensive than what you really need).

## 9 Share meals at restaurants

If you’ve already cut back on your restaurant trips but want to save even more without totally abstaining, start sharing a meal!

We all already know that portions are often larger than we need. Why not just ask the waiter for two plates and split the meal? Another little trick is to order one appetizer and one meal for two people to share.



## 10 Cut out monthly services you don’t need

A lot of people are guilty of getting roped into some service that they don’t really use very much after getting the free trial *\*cough Amazon Prime cough\**.

While I am starting to see some companies pop up that offer to get rid of those unnecessary services for you, it’s just as easy to set a recurring reminder on your phone to look over your checking account/credit card bill every month and cut things out as needed.

## 11 Eat more veggies

Vegetables are generally cheaper than meat. I’m not advocating for you to become a vegetarian, but there are plenty of awesome recipes out there that can actually make veggies taste good.

## 12 Make your clothes last longer

There are some easy things you can do to make your clothes last a little longer by washing them on gentle and air drying or using a detergent that protects colors (we use Woolite dark religiously).





### 13 Learn how to negotiate

In my opinion, you should assume everything in life can be had for a lower price until you're told no. I can't tell you how many times I've saved money just by asking, even if it seemed a little obnoxious at the time. There's always a 50/50 chance that whoever you're buying something from will say yes. And if they don't or get annoyed, who cares? You'll probably never see them again anyway.



### 14 Is your energy bill too high?

Chances are, yes. Energy costs are specifically a big culprit here, and many times they can be lowered with a few phone calls. Double check what you are paying for energy in your home and see if you can find a better rate. Even one or two cents less per kilowatt hour can mean huge cuts in your energy bill.

Also, make sure you turn the lights off when you leave, opt for energy efficient light bulbs, and find areas where air may be moving in or out of your living space where it shouldn't be.

### 15 Start a side-hustle

There are only two basic ways to be great at personal finance. You can either spend less or make more. If you can do both, you're a financial rock star.

A lot of people say that they've cut out as much as they possibly could from their budget. If that's the case, you've got to get started on a side-hustle.

I will repeat this till the day I stop running this site: Your side hustle does not have to be complicated. There are so many ways to make extra money out there...you just need to pick one and get started.



### 16 Set spending alerts

Most banks and credit card companies have rolled out great apps that feature detailed spending alerts. Many of them are customizable and will send the alerts to you in the form of an email or text alert. These are especially helpful if you want to check in on your budget more often than once a month.

Modified from: <https://www.thebalance.com/how-to-save-when-money-is-tight-2386118>.  
<https://millennialmoneyman.com/9-ways-to-find-more-money-in-your-monthly-budget/>

## 9 EASY WAYS TO PAY OFF DEBT

### The path to financial freedom starts here.

Are you swimming in debt and don't know how you're ever going to pay it off? You're not alone. In fact, the average U.S. household has nearly \$17,000 in credit card debt, according to a 2016 NerdWallet analysis. To make a dent in your debt, you need to pay more than the minimum balance on your credit card statements each month.

#### 1. Create a budget



"The first step to solving your debt problem is to establish a budget," writes former U.S. News contributor David Bakke. You can use personal finance tools like Mint.com, or make your own Excel spreadsheet that includes your monthly income and expenses. Then scrutinize those budget categories to see where you can cut costs. "If you don't scale back your spending, you'll dig yourself into a deeper hole," Bakke warns.

#### 2. Pay off the most expensive debt first



Sort your credit card interest rates from highest to lowest, then tackle the card with the highest rate first. "By paying off the balance with the highest interest first, you increase your payment on the credit card with the highest annual percentage rate while continuing to make the minimum payment on the rest of your credit cards," writes former My Money contributor Hitha Herzog.

#### 3. Pay more than the minimum balance



To make a dent in your debt, you need to pay more than the minimum balance on your credit card statements each month. "Paying the minimum – usually 2 to 3 percent of the outstanding balance – only prolongs a debt payoff strategy," Herzog writes. "Strengthen your commitment to pay everything off by making weekly, instead of monthly, payments." Or if your minimum payment is \$100, try doubling it and paying off \$200 or more.

#### 4. Halt your credit card spending



Want to stop accumulating debt? Remove all credit cards from your wallet, and leave them at home when you go shopping, advises WiseBread contributor Sabah Karimi. "Even if you earn cash back or other rewards with credit card purchases, stop spending with your credit cards until you have your finances under control," she writes.

## 5. Put work bonuses toward debt.



If you receive a job bonus around the holidays or during the year, allocate that money toward your debt payoff plan. “Avoid the temptation to spend that bonus on a vacation or other luxury purchase,” Karimi writes. It’s more important to fix your financial situation than own the latest designer bag.

## 6. Delete credit card information from online stores.



If you do a lot of online shopping at one retailer, you may have stored your credit card information on the site to make the checkout process easier. But that also makes it easier to charge items you don’t need. So clear that information. “If you’re paying for a recurring service, use a debit card issued from a major credit card service linked to your checking account,” Hamm writes.

## 7. Sell unwanted gifts & household items.



Have any birthday gifts or old wedding presents collecting dust in your closet? Search through your home and look for items you can sell on eBay or Craigslist. “Do some research to make sure you list these items at a fair and reasonable price,” Karimi writes. “Take quality photos, and write an attention-grabbing headline and description to sell the item as quickly as possible.” Any profits from sales should go toward your debt.

## 8. Change your habits.



“Your daily habits and routines are the reason you got into this mess,” Hamm writes. “Spend some time thinking about how you spend money each day, each week and each month.” Do you really need your daily latte? Can you bring your lunch to work instead of buying it four times a week? Ask yourself: What can I change without sacrificing my lifestyle too much?

## 9. Reward yourself when you reach milestones.



You won’t pay down your debt any faster if you view it as a form of punishment. So reward yourself when you reach debt payoff goals. “The only way to completely pay off your credit card debt is to keep at it, and to do that, you must keep yourself motivated,” Bakke writes. Just make sure to reward yourself within reason. For example, instead of a weeklong vacation, plan a weekend camping trip. “If you aim to reduce your credit card debt from \$10,000 to \$5,000 in two months,” Bakke writes, “give yourself more than a pat on the back when you do it.”

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