

Debt Reduction Strategies

1. Create a Budget and Stick With It.

Your budget should include all of your current expenses. [Click here](#) for help in creating a budget.

2. Don't Borrow Additional Money to Pay off Debts or Bills.

3. Cut Expenses.

You can determine where you can cut expenses by [Creating an Effective Personal Budget](#). This budget planning tool will help you to analyze your budget and determine where reductions can be made (e.g., eating out, buying snacks and lunch at work, going to the movies, etc.). Once you have determined how much you plan to cut, use this "found" money to pay down the balances on your debts.

4. Optimize Your Monthly Payment.

Pay the maximum amount towards your highest interest rate debts. Pay the minimum amount on all other debts.

5. Ask for Reduced Interest Rates.

Some creditors, especially credit card companies, will reduce your interest rates if you just call and ask. If you receive offers for other credits cards with lower interest rates in the mail, use those offers as leverage when you are re-negotiating your rates with your current creditors.

6. Set Goals and Priorities.

Determine what's important. When you prepare to buy something ask yourself if this purchase is in line with the priorities you have set and will it help you reach your goal or delay it.

7. Check out this website

The following website provides a free download Debt Reduction Calculator that allows you to determine the amounts you should be paying towards each of your debts and calculates the money you will save by paying your debts in the recommended order. Additionally, the program tells you when each of your debts will be paid off. <http://www.vertex42.com/Calculators/debt-reduction-calculator.html>