

# Digging Out Of Debt

Courtesy of American Financial Solutions

Debt is a major problem for a lot of people so don't feel like you are alone. The problem is, even if people know they want to get out of it, they have a hard time figuring out how to start because the debt is overwhelming or there are so many bills to juggle.

There is not one perfect way to get out of debt – every person's financial situation is different. If you're struggling to make your minimum payments each month, getting late fees, over-the-limit fees, or even collection calls, you need to get help to prioritize your obligations and to determine the best options available to you.



If you are ready to tackle your debt on your own, use these steps as a guide;

1. If you're in a hole, the first step is to stop digging. Cut up the credit cards, stop using them, put them away; whatever you need to do to not charge on them.
2. Make cutbacks where you can on the necessities; buy store brands instead of name brands, use coupons, brown bag your lunch, etc.
3. Stop non-essential spending wherever possible; movies, eating out, coffee, etc.
4. Start an emergency fund by opening a savings account and aim for at least \$500. If possible set up regular automatic deposits. Why? If unexpected expenses come up and you don't have an emergency fund, you will skip your debt payments to pay for the unexpected expenses. The emergency fund protects you and your debt payments.
5. Acknowledge your debt by listing it out and make your repayment plan. Use our [Debt Spreadsheet](#).
6. Keep a monthly budget. Use our [Budget Worksheet](#).
7. Make paying bills on time a habit. Late payments on any bill can be very costly. If you have a hard time getting bills paid on time set up reminders on your calendar or online banking may be a good option - check with your bank.
8. Grow your income. Another great way to get out of debt faster is to make more money. Look for ways you can make money on the side, or ask for a raise, or look for a higher paying job. See our tips on [Possible Ways to Increase Income](#).
9. Track your progress on your Debt Spreadsheet. Update it every payday (or how ever often you pay bills) so that you can see your shrinking debt amount. It may be a ways off, but it's within sight!
10. Have fun! Celebrate your accomplishments! Make it an adventure. It is very empowering to take back control of your spending and finances.