

Totally Debt-Free Lifestyle

Your Transition in Having a Better Financial Situation!

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Totally Debt-Free Lifestyle

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FREE Bankruptcy Evaluation

SECURE FORM

First Name: *

Last Name: *

Home Phone: *

Cell Phone:

Email: *

Zip Code: *

Monthly Income: \$

Monthly Expenses: \$

Total Debt: \$

Why are you considering bankruptcy?
Please Select

What bills do you have?
Please Select

By clicking submit I agree to the [Terms and Conditions](#)

Click to Submit Form

Free Case Evaluation

Do you have bankruptcy related questions?

Not sure whether bankruptcy is the right solution to solve your debt problems?

A local bankruptcy lawyer can answer your questions and explain the bankruptcy process to you. A qualified legal professional can help you understand the differences between Chapter 7 bankruptcy and Chapter 13 bankruptcy. Get FREE help so you can make an educated decision about the best next step for you.

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- ✓ No credit card required
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- ✓ Secure and confidential
- ✓ Nationwide coverage

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- ✓ Consolidate Student Loans
- ✓ Lower Your monthly payments
- ✓ Reduce interest rates
- ✓ Waive Late Fees
- ✓ Eliminate collection calls

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Sign-up online or by phone.

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It's proven

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It's Accessible.

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Effective Ways to Control Your Debt

Preface:

Debt can make your life better or/and can tear your life apart. Most people always take the positive part of having debts without taking in consideration how debts can ruin our life and also how easy we can get rid of our debts by following simple steps.

There are no hidden secrets behind becoming debt free and there is no magic involved at all. A very simple concept and an easy calculation can make your life better. Believe the unbelievable, one word can change your life: "Interest"!

Becoming debt free works on a few simple principles. Payoff the debts first on which you will be paying huge interest, allocate an extra payment each month to accelerate your debt payments. Use monthly payments from a paid-off debt to pay another un-paid debt. A clear explanation is provided in this e-book.

This e-book has been written out of the experience gained during many years in this field. It has been written with the special concerns of people who cannot afford to limit their debts or become debt free

People from teenagers to adults should find the e-book valuable. If we learn, we can avoid having debts. Couple of hours reading this e-book will help you save couple of hundreds and thousand of dollars.

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Do not waste your time asking on how to become debt free!
Read this e-book now!

Drowning in bills? Get your life back with this e-book.
However bad your debt are, there is a solution.

The most important is to educate yourself on how to
calculate interest.

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Section I: Introduction on Debts

Chapter 1: What Exactly is Debt?

Debt is simply the money you owe; it is an amount of money or other property that is owed by one person, organization or company. It is not the credit you owe as credit turn into debts. Getting into debt is very easy and maybe it is fun for some people as it might impress them. As a first look, people are happy, they can buy without having cash, and they can afford to get a car even without having the budget etc. but they missed the best part, they will live and drive this car for 12 years to make payments and pay huge interests for what already impressed them!

Who never heard of cholesterol? Much like cholesterol, where there is a good and bad cholesterol, debts comes in two versions. Good and bad debts. Debts can make your life easier or ruin your life but however bad your debt problems, there is a solution. People and businesses who know how to handle debts and how to manage their credits can take advantage of debts while people especially young who does not have a big knowledge in debt management and creating debt reduction plans are always in troubles.

Debts can also be classified as temporary or chronic debts.

In most cases, there are very good reasons to take on debt. For example, students take loans which are a good thing but we insist that you must know how to handle and pay off your debts after graduation.

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Also taking debts for setting up a business is good but it depends how the structure is going to be setup. You must have a clear plan, and know how much money you would need and the most important, how to pay it back. In such cases, debt is a part of the business success.

If you can afford to pay cash and limit the risk of taking debts, do it! Do not hesitate to pay by cash when you have the money.

The problem is when you borrow money but do not use it productively. More clearly, debts are good when you invest it and NOT simply spend it. Taking debts simply to spend it is the bad thing ever. Debts must be under control. You must know very well how to pay back your debts. Create plans, especially rapid reduction plan. This e-book will show you how to proceed with managing your debts and become debt free in half the time.

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Chapter 2: Why do people get into debt?

Let's take a simple example; you do not have enough money and you want to live, you need food, clothes... this is life! Serious reasons can be related to circumstances changes, you lost your job, health problems and you cannot afford to pay for the treatments etc.

There are hundreds of reasons to get into debt. But most people do not use debts to their advantage.

People suffer lot of troubles with debts mainly because it is easy to borrow. Also people are sometimes fooled. For example some credit cards do not offer interest rate for a limited time but when that period is over, logically speaking you end up paying double the main rate.

Another very frequent reason about falling into debts, people especially young, pretend or believe that they are managing their debts in the good way by paying the minimum amount every month without recognizing that paying the minimum leads to years and years to pay off a small amount that can be paid in few months.

Thus, the aim of this e-book is to show how to manage and create a debt reduction plan and become debt free.

Take this advice, do not ignore debts, it will only get much worse, and not versus.

Chapter 3: How to avoid debts.

Unfortunately, and based on studies, people do not deal very well and take debt seriously, this leads to huge bills and debts accumulation and long term interest payments.

Take the following few advices to avoid debts:

- If you have credit card debts, which is in most cases the biggest source and the most serious of debts accumulation especially for students and newly graduates people, you must pay off as quickly as possible to avoid long term debts. Take this advice seriously, because ignoring or delaying any payment can become a nightmare and eat you alive.
- Learn and learn how to calculate interest, this e-book will explain step by step how to perform these calculations.
- ALWAYS check the interest rate. You must ASK first, you must receive clarifications before choosing a credit card. Always assume that you have the lowest interest rates.
- Having multiple cards is like owning multiple weapons and you will risk injuring yourself. Keep one or maximum two credit cards with you. This way you can handle your debts easily

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- Educate yourself on how credit cards calculate interest. Then, check the interest rate on your credit cards.
- Know what you want to pay! Never use your card for something you cannot pay for with cash. When you have a checking account and have a debit card, use it. This card is very useful for small items rather than even paying interest for small items. Credit cards make paying money easy. They also make going into debt easy.
- Always have a plan to pay back your debts. If you need to buy something, think first "how can I pay it back?"

Section II: Guide to Getting Rid of Your Debts

Are you drowning in debt? Or would you just like to be free of the debts you have?

This e-book helps you summarize your debts and create a Debt Reduction Plan that will show you how to pay off all your debts much sooner than you would by paying only the minimums.

After reading this section, you will be able to reduce or/and eliminate your debts in as little time and/or with as little interest payment as possible. Believe it or not, you will succeed to let the dream come true.

This section will be followed with real-life examples, on how to reduce debt for a given payment.

Keep in mind one word: "Interest".

Interest is a magical tool, interest makes you rich or poor. Creditors always use it to their advantage. Remember! It can also work in your favor if you really followed this guide. Let the interest be working FOR YOU instead of AGAINST YOU.

However, getting out of debt and becoming debt free will require patience, commitment, and consistency. The most important part of this step is to restructure the way you pay bills and set priorities.

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We know very well that everyone is excited about getting a fresh start especially upon graduation, and unfortunately in most cases this start is at the same time the beginning of debts!

You will accumulate loans, credit card bills, and miscellaneous expenses and costs. These debts you are building will unfortunately stay with you a very long time if you do not know how to manage and get rid of them in the shortest time by paying the least interests. Debts and interest charges can eat you alive!

The first advice to become debt free is to pay attention on how you are spending your money, the second advice is to summarize your debts and get a debt reduction plan.

Chapter 4: Summarize your debts

Do you realize that if you owe \$5,600 on a credit card with a 18% interest rate, and you only make \$100 payment each month that you will owe on this account for 124 months and pay a total of \$6,708.54 in principle and and paying % 54.5031 of interest for the payment?

Real examples are usually the best tool to demonstrate a theory. Let's take few examples:

You have 3 debts:

- **Home Loan**
- **Credit Card**
- **Car Loan**

Home loan has an amount of \$36.000 with %14 of interest rate, \$3500 for the credit card with %18 of interest and \$21.000 for the car loan with %10 of interest.

Most people unfortunately, do not summarize their debts correctly. They simply follow the debt period/time and payoff their debts without having a clear status of what is really happening behind the scene.

This e-book is not written to simply explain theories; you will learn how to calculate your debts and how to recreate a payment plan to avoid huge interest rates and hence cutting down your debts and/or becoming debt free.

As an advice, take your calculator, have a paper and do at the same time these examples and you will notice how

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drastically you can cut down your interests and save time and money!

Let's summarize these debts:

	Home Loan	Credit Card	Car Loan
Amount:	\$36,000	\$3,500	\$21,000
Interest:	14%	18%	10%
Monthly	\$500	\$100	\$250

Summary for your current debts:

- \$60,500 is the total amount of the debts we have. (\$36,000 + \$3,500 + \$21,000)
- 12.8% is the interest rate we are paying. (Weighted average for 14%, 18% and 10%)
- \$850 is your current monthly payment. (\$500 + \$100 + \$250)
- \$647.50 is the amount of interest you are paying each month. ($\$60,500 \times 12.842\% / 12$)
- 76.1% is the percent of your monthly payments on all your debts.

If you continue to make the current minimum payments on all your debts, you will be in debt for:

13 years and 2 months

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During this time you will pay a total of \$59,766.10 in interest which is 98.7% of your current debt!

Can you imagine this huge number! 98.7% of interest!!!

This is the current debt status; this is a nightmare if you do not follow a debt free plan. Shocking numbers!

Name	Amount	Interest	Payment	Interest Paid	% of interest
Home Loan	\$36,000	%14	\$500	\$42,996.48	119%
Credit Card	\$3,500	%18	\$100	\$1,500.05	43%
Car Loan	\$21,000	%10	\$250	\$15,269.57	73%

- Your home loan needs 13 years and 2 months to be paid off
- Your car loan needs 12 years and 2 months to be paid off
- Your credit card needs 4 years and 3 months to be paid off

Total: \$60,500

Interest: \$59,766.10

Can you imagine paying interest approximately the same amount you owe? Unbelievable!

You will be paying for this \$120,266 by simply recreating a repayment plan (following steps of Chapter 5), you will save this money! And save time too! And make life easier and let the dream come true!

If you were to pay off your debts by paying either the minimum amount or the payment amount of a 15 year

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amortization, you would have to pay a total of \$59,766.10 in interest and would not pay off your debts for 13 years and 2 months.

Chapter 5: Create a Debt Free/Reduction Plan

The secret to repaying debts quickly and saving on interest charges is to continue to pay the same amount each month until all debts are repaid. As one debt is paid off, apply that payment amount to another debt.

To move forward with the same example, the current monthly payment is \$850. If you pay an additional \$180 each month that means **\$1,030** of total monthly payment, your debts will be repaid in 7 years and 10 months and you will avoid **\$23,617** in interest charges.

As you noticed, by simply allocating \$180 you save \$23,617 meaning if you allocate more monthly payment you will save more and more!

If you follow your Debt Free/Reduction Plan, you will save \$23,617.86 in interest which is equivalent to 39.5% and have your debts paid off in 7 years and 10 months and not 13 years and 2 months.

Here is a detailed summary for the payments with the new \$1,030 monthly payments:

(Tip: you can copy this table into excel sheet and do a sum for the interest and compare it to the results mentioned above)

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Month	Name	Balance \$	Interest paid \$	Monthly payment \$
1	Credit card	3,500.00	52.50	280
1	Car Loan	21,000.00	175.00	250
1	Home Loan	36,000.00	420.00	500
2	Credit card	3,272.50	49.09	280
2	Car Loan	20,925.00	174.38	250
2	Home Loan	35,920.00	419.07	500
3	Credit card	3,041.59	45.62	280
3	Car Loan	20,849.38	173.74	250
3	Home Loan	35,839.07	418.12	500
4	Credit card	2,807.21	42.11	280
4	Car Loan	20,773.12	173.11	250
4	Home Loan	35,757.19	417.17	500
5	Credit card	2,569.32	38.54	280
5	Car Loan	20,696.23	172.47	250
5	Home Loan	35,674.36	416.2	500
6	Credit card	2,327.86	34.92	280
6	Car Loan	2,0618.7	171.82	250
6	Home Loan	35,590.56	415.22	500
7	Credit card	2,082.78	31.24	280
7	Car Loan	20,540.52	171.17	250
7	Home Loan	35,505.78	414.23	500
8	Credit card	1,834.02	27.51	280
8	Car Loan	20,461.69	170.51	250
8	Home Loan	35,420.01	413.23	500
9	Credit card	1,581.53	23.72	280
9	Car Loan	20,382.20	169.85	250
9	Home Loan	35,333.24	412.22	500
10	Credit card	1,325.25	19.88	280
10	Car Loan	20,302.05	169.18	250
10	Home Loan	35,245.46	411.2	500
11	Credit card	1,065.13	15.98	280
11	Car Loan	20,221.23	168.51	250
11	Home Loan	35,156.66	410.16	500
12	Credit card	801.11	12.02	280
12	Car Loan	20,139.74	167.83	250
12	Home Loan	35,066.82	409.11	500

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13	Credit card	533.13	8.00	280
13	Car Loan	20,057.57	167.15	250
13	Home Loan	34,975.93	408.05	500
14	Credit card	261.13	3.92	265.05
14	Car Loan	19,974.72	166.46	264.95
14	Home Loan	34,883.98	406.98	500
15	Credit card	0	0	0
15	Car Loan	19,876.23	165.64	530
15	Home Loan	34,790.96	405.89	500
16	Credit card	0	0	0
16	Car Loan	19,511.87	162.60	530
16	Home Loan	34,696.85	404.80	500
17	Credit card	0	0	0
17	Car Loan	19,144.47	159.54	530
17	Home Loan	34,601.65	403.69	500
18	Credit card	0	0	0
18	Car Loan	18,774.01	156.45	530
18	Home Loan	34,505.34	402.56	500
19	Credit card	0	0	0
19	Car Loan	18,400.46	153.34	530
19	Home Loan	34,407.90	401.43	500
20	Credit card	0	0	0
20	Car Loan	18,023.80	150.20	530
20	Home Loan	34,309.33	400.28	500
21	Credit card	0	0	0
21	Car Loan	17,644.00	147.03	530
21	Home Loan	34,209.61	399.11	500
22	Credit card	0	0	0
22	Car Loan	17,261.03	143.84	530
22	Home Loan	34,108.72	397.94	500
23	Credit card	0	0	0
23	Car Loan	16,874.87	140.62	530
23	Home Loan	34,006.66	396.74	500
24	Credit card	0	0	0
24	Car Loan	16,485.49	137.38	530
24	Home Loan	33,903.40	395.54	500
25	Credit card	0	0	0

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25	Car Loan	16,092.87	134.11	530
25	Home Loan	33,798.94	394.32	500
26	Credit card	0	0	0
26	Car Loan	15,696.98	130.81	530
26	Home Loan	33,693.26	393.09	500
27	Credit card	0	0	0
27	Car Loan	15,297.79	127.48	530
27	Home Loan	33,586.35	391.84	500
28	Credit card	0	0	0
28	Car Loan	14,895.27	124.13	530
28	Home Loan	33,478.19	390.58	500
29	Credit card	0	0	0
29	Car Loan	14,489.40	120.75	530
29	Home Loan	33,368.77	389.30	500
30	Credit card	0	0	0
30	Car Loan	14,080.15	117.33	530
30	Home Loan	33,258.07	388.01	500
31	Credit card	0	0	0
31	Car Loan	13,667.48	113.90	530
31	Home Loan	33,146.08	386.70	500
32	Credit card	0	0	0
32	Car Loan	13,251.38	110.43	530
32	Home Loan	33,032.78	385.38	500
33	Credit card	0	0	0
33	Car Loan	12,831.81	106.93	530
33	Home Loan	32,918.16	384.05	500
34	Credit card	0	0	0
34	Car Loan	12,408.74	103.41	530
34	Home Loan	32,802.21	382.69	500
35	Credit card	0	0	0
35	Car Loan	11,982.15	99.85	530
35	Home Loan	32,684.90	381.32	500
36	Credit card	0	0	0
36	Car Loan	11,552.00	96.27	530
36	Home Loan	32,566.22	379.94	500
37	Credit card	0	0	0
37	Car Loan	11,118.27	92.65	530

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37	Home Loan	32,446.16	378.54	500
38	Credit card	0	0	0
38	Car Loan	10,680.92	89.01	530
38	Home Loan	32,324.70	377.12	500
39	Credit card	0	0	0
39	Car Loan	10,239.93	85.33	530
39	Home Loan	32,201.82	375.69	500
40	Credit card	0	0	0
40	Car Loan	9,795.26	81.63	530
40	Home Loan	32,077.51	374.24	500
41	Credit card	0	0	0
41	Car Loan	9,346.89	77.89	530
41	Home Loan	31,951.75	372.77	500
42	Credit card	0	0	0
42	Car Loan	8,894.78	74.12	530
42	Home Loan	31,824.52	371.29	500
43	Credit card	0	0	0
43	Car Loan	8,438.90	70.32	530
43	Home Loan	31,695.81	369.78	500
44	Credit card	0	0	0
44	Car Loan	7,979.22	66.49	530
44	Home Loan	31,565.59	368.27	500
45	Credit card	0	0	0
45	Car Loan	7,515.71	62.63	530
45	Home Loan	31,433.86	366.73	500
46	Credit card	0	0	0
46	Car Loan	7,048.34	58.74	530
46	Home Loan	31,300.59	365.17	500
47	Credit card	0	0	0
47	Car Loan	6,577.08	54.81	530
47	Home Loan	31,165.76	363.60	500
48	Credit card	0	0	0
48	Car Loan	6,101.89	50.85	530
48	Home Loan	31,029.36	362.01	500
49	Credit card	0	0	0
49	Car Loan	5,622.74	46.86	530
49	Home Loan	30,891.37	360.40	500

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50	Credit card	0	0	0
50	Car Loan	5,139.60	42.83	530
50	Home Loan	30,751.77	358.77	500
51	Credit card	0	0	0
51	Car Loan	4,652.43	38.77	530
51	Home Loan	30,610.54	357.12	500
52	Credit card	0	0	0
52	Car Loan	4,161.20	34.68	530
52	Home Loan	30,467.66	355.46	500
53	Credit card	0	0	0
53	Car Loan	3,665.88	30.55	530
53	Home Loan	30,323.12	353.77	500
54	Credit card	0	0	0
54	Car Loan	3,166.43	26.39	530
54	Home Loan	30,176.89	352.06	500
55	Credit card	0	0	0
55	Car Loan	2,662.82	22.19	530
55	Home Loan	30,028.95	350.34	500
56	Credit card	0	0	0
56	Car Loan	2,155.01	17.96	530
56	Home Loan	29,879.29	348.59	500
57	Credit card	0	0	0
57	Car Loan	1,642.97	13.69	530
57	Home Loan	29,727.88	346.83	500
58	Credit card	0	0	0
58	Car Loan	1,126.66	9.39	530
58	Home Loan	29,574.71	345.04	500
59	Credit card	0	0	0
59	Car Loan	606.05	5.05	530
59	Home Loan	29,419.75	343.23	500
60	Credit card	0	0	0
60	Car Loan	81.1	0.68	81.78
60	Home Loan	29,262.98	341.40	948.22
61	Credit card	0	0	0
61	Car Loan	0	0	0
61	Home Loan	28,656.16	334.32	1,030
62	Credit card	0	0	0

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62	Car Loan	0	0	0
62	Home Loan	27,960.48	326.21	1,030
63	Credit card	0	0	0
63	Car Loan	0	0	0
63	Home Loan	27,256.69	317.99	1,030
64	Credit card	0	0	0
64	Car Loan	0	0	0
64	Home Loan	26,544.68	309.69	1,030
65	Credit card	0	0	0
65	Car Loan	0	0	0
65	Home Loan	25,824.37	301.28	1,030
66	Credit card	0	0	0
66	Car Loan	0	0	0
66	Home Loan	25,095.65	292.78	1,030
67	Credit card	0	0	0
67	Car Loan	0	0	0
67	Home Loan	24,358.43	284.18	1,030
68	Credit card	0	0	0
68	Car Loan	0	0	0
68	Home Loan	23,612.61	275.48	1,030
69	Credit card	0	0	0
69	Car Loan	0	0	0
69	Home Loan	22,858.09	266.68	1,030
70	Credit card	0	0	0
70	Car Loan	0	0	0
70	Home Loan	22,094.77	257.77	1,030
71	Credit card	0	0	0
71	Car Loan	0	0	0
71	Home Loan	21,322.54	248.76	1,030
72	Credit card	0	0	0
72	Car Loan	0	0	0
72	Home Loan	20,541.30	239.65	1,030
73	Credit card	0	0	0
73	Car Loan	0	0	0
73	Home Loan	19,750.95	230.43	1,030
74	Credit card	0	0	0
74	Car Loan	0	0	0

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74	Home Loan	18,951.38	221.10	1,030
75	Credit card	0	0	0
75	Car Loan	0	0	0
75	Home Loan	18,142.48	211.66	1,030
76	Credit card	0	0	0
76	Car Loan	0	0	0
76	Home Loan	17,324.14	202.11	1,030
77	Credit card	0	0	0
77	Car Loan	0	0	0
77	Home Loan	16,496.25	192.46	1,030
78	Credit card	0	0	0
78	Car Loan	0	0	0
78	Home Loan	15,658.71	182.68	1,030
79	Credit card	0	0	0
79	Car Loan	0	0	0
79	Home Loan	14,811.39	172.80	1,030
80	Credit card	0	0	0
80	Car Loan	0	0	0
80	Home Loan	13,954.19	162.80	1,030
81	Credit card	0	0	0
81	Car Loan	0	0	0
81	Home Loan	13,086.99	152.68	1,030
82	Credit card	0	0	0
82	Car Loan	0	0	0
82	Home Loan	12,209.67	142.45	1,030
83	Credit card	0	0	0
83	Car Loan	0	0	0
83	Home Loan	11,322.12	132.09	1,030
84	Credit card	0	0	0
84	Car Loan	0	0	0
84	Home Loan	10,424.21	121.62	1,030
85	Credit card	0	0	0
85	Car Loan	0	0	0
85	Home Loan	9,515.83	111.02	1,030
86	Credit card	0	0	0
86	Car Loan	0	0	0
86	Home Loan	8,596.85	100.30	1,030

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87	Credit card	0	0	0
87	Car Loan	0	0	0
87	Home Loan	7,667.15	89.45	1,030
88	Credit card	0	0	0
88	Car Loan	0	0	0
88	Home Loan	6,726.60	78.48	1,030
89	Credit card	0	0	0
89	Car Loan	0	0	0
89	Home Loan	5,775.08	67.38	1,030
90	Credit card	0	0	0
90	Car Loan	0	0	0
90	Home Loan	4,812.46	56.15	1,030
91	Credit card	0	0	0
91	Car Loan	0	0	0
91	Home Loan	3,838.61	44.78	1,030
92	Credit card	0	0	0
92	Car Loan	0	0	0
92	Home Loan	2,853.39	33.29	1,030
93	Credit card	0	0	0
93	Car Loan	0	0	0
93	Home Loan	1,856.68	21.66	1,030
94	Credit card	0	0	0
94	Car Loan	0	0	0
94	Home Loan	848.34	9.90	858.24

There is a very important note to take in consideration. If for example you have a debt of \$5600 with 3% of interest, you will not pay 3% each month, this amount decrease accordantly. The following table will explain step by step how to calculate the monthly interest rate.

Debts to pay:

Amount: \$5,600

Monthly Payment: \$680

Interest rate: 3%

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Month	Balance	Monthly Payment	Interest*	How to calculate new balance
January	\$5,600.00	\$680	\$14	$(\$5,600 - \$680) + \$14 = \$4,934$
The new balance for the next month is \$4,934.00				
February	\$4,934.00	\$680	\$12.34	$(\$4,934 - \$680) + \$12.34 = \$4,266.34$
The new balance for the next month is \$4,266.34				
March	\$4,266.34	\$680	\$10.67	$(\$4,266.34 - \$680) + \$10.67 = \$3,597.01$
The new balance for the next month is \$3,597.01				
April	\$3,597.01	\$680	\$8.99	$(\$3,597.01 - \$680) + \$8.99 = \$2,926$
The new balance for the next month is \$2,926.00				
May	\$2,926.00	\$680	\$7.32	$(\$2,926 - \$680) + \$7.32 = \$2,253.32$
The new balance for the next month is \$2,253.32				
June	\$2,253.32	\$680	\$5.63	$(\$2,253.32 - \$680) + \$5.63 = \$1,578.95$
The new balance for the next month is \$1,578.95				
July	\$1,578.95	\$680	\$3.95	$(\$1,578.95 - \$680) + \$3.95 = \902.90
The new balance for the next month is \$902.90				
August	\$902.90	\$680	\$2.26	$(\$902.90 - \$680) + \$2.26 = \225.16
The new balance for the next month is \$225.16				
September	\$225.16	\$680	\$0.56	

* Interest calculation

$\$5,600.00 \times 3\% = \$168/12 \text{ months} = \14 as interest for the 1st month

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$\$4,934.00$ (new balance) $\times 3\% = \$148.08/12$ months = $\$12.34$
as interest for the 2nd month

$\$4,266.34 \times 3\% = \$127.99/12$ months = $\$10.67$ as interest for
the 3rd month

$\$3,597.01 \times 3\% = \$107.91/12$ months = $\$8.99$ as interest for
the 4th month

$\$2,926.00 \times 3\% = \$87.78/12$ months = $\$7.32$ as interest for
the 5th month

$\$2,253.32 \times 3\% = \$67.60/12$ months = $\$5.63$ as interest for
the 6th month

$\$1,578.95 \times 3\% = \$47.37/12$ months = $\$3.95$ as interest for
the 7th month

$\$902.90 \times 3\% = \$27.09/12$ months = $\$2.26$ as interest for the
8th month

$\$225.16 \times 3\% = \$6.76/12$ months = $\$0.56$ as interest for the
last month

So each month the interest decreases depending on the new
balance.

Now that you have completed these examples, you will be
able to easily calculate and manage your debts and know
exactly how much you will pay and the time to payoff all
your debts and the most important how to re-create a debt
reduction plan and save money and time!

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Chapter 6: Steps Towards Being Debt Free

There is always a way to get out of debts especially if you organize your money and know how to and when to pay.

If you follow the steps below, you can help yourself by 90% to become debt free.

1- KNOW what you owe.

You must know and identify clearly what you owe; the best way is to create a debt list with details for example:

Name/Item	Amount	Interest rate	Monthly Payment
Credit card	\$5,600	3%	\$680
...

And identify which payment has the highest rate thus allocate the highest priority to it.

2- Avoid creating new Debts. When you are already in debt, do NOT create a new debt. Try your best to create savings strategies for the expenses that you do not pay monthly, for example some bills are paid quarterly. Even though, this bill is paid quarterly, keep aside the amount aside each month.

3- Decrease your expenses by developing a clear strategy and try to increase your income.

4- Do not always use your credit card.

5- Always create a list of items you plan to purchase and know the amount you are planning to spend.

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6 - As soon as you develop a plan with your monthly income and expenses, you can set the good amount for paying your debts. Remember, as we discussed previously, adding an extra amount to your monthly debts payment can decrease the interest payment and save time. When you have money with you, and you really do not need them as an advice add this amount to your monthly payments.

7- Being debt free is not only, a way to manage your money, but also a negotiation part. Try to find the alternate with a lower rate. Use negotiations, pretend to your current creditor that you've got lower rates with another one; this might help reducing rates to keep you as a customer.

8- Think before you buy! Sometimes you buy for an item and later on identify that you do not really need it at the moment. Think well before planning to buy. Ask yourself "do I really need this item?"

9- As we mentioned in Chapter 1, we have good and bad debts, stay away from bad debt. Stay away from:

- High interest credit cards
- High interest items
- Big mortgage

10- Do not buy a brand new car when you cannot afford to pay it. As an advice get a used one and keep it for many years.

11- Be smart and reasonable.

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Those are some steps toward being debt free, but getting out of debt is challenging but for sure it can be done especially with dedication and perseverance.

When you are asked to decrease your expenses, cancel your credit cards, develop a plan, etc.. you are changing the way you live, and especially the way you think. Following the steps mentioned above is not a rule to follow, you must change the way you think to be convinced with that.

Saving one dollar every day or any very small amount of money can be useful for a rainy day or to help in your debts.

Always pay off the smallest bills at first, this way you will save some money and add it to the highest bill. This works in most cases when you have for example 5 bills. You pay the smallest then allocate an extra payment from the saved amount into the higher bill.

Again and again, we repeat the same messages, keep your credit card for emergencies, do not carry the card with you, and have cash in your pocket unless you really and urgently need it. Get out of troubles, and put your credit card at home. Hide it somewhere out of your eyes.

Take this into consideration; the credit card business is very competitive. When you always make your payments on time, call and ask to lower your interests, this is a right for you.

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Nowadays, everyone carries a mobile phone or a PDA (Personal digital assistant) or a pocket pc. Carry them with you all the time, and record your purchases whether by writing a note or downloading a free or paid financial management software, it wont cost you more then 30 bucks. If you are only using notes, write down the amount and what it was for. That way you can really see how much you are frittering away each month. This is the best way, to keep records of your financial life in your pocket every time and everywhere.

So it would be better to carry your PDA or small note-book rather than your credit card(s). When you need to buy something take a look at your notes, and see your total debt or purchases and the budget that you can really work with. You do not really need to buy an item or whatever product unless you really cannot live without it. In most cases, you spend money for something with less priority while you can save this money for something with higher priority or to pay existing debts.

Always make a monthly budget for yourself, if possible do it weekly or even daily; being financially organized is the key to success. You must include details in your budget. Add foods, bills, entertainment, transportation, shopping, miscellaneous and other and this way you will see how much you really need to spend and which is higher in priority... If you can make changes to your way of life and save some money, do so. Use that money to pay back debts and in the meantime you should stop adding to your borrowing by surviving only on cash or debit cards

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Are you a student? An employee? Bring everything with you to school/university or to work. Have your lunch, snacks and even your drink. It is better than buying from a machine. You will save even with a small amount but you are SAVING.

For example, you can save between 1 and 3 dollars every day if you avoid using machines, this way you have around 60 dollars each month saved.

Instead of saying that something only costs one dollar, say if I don't buy it that is one dollar that I can put away for a rainy day or put toward debt.

Look at your monthly income based on the net amount. Deduct taxes, health plans, social security etc.. and you will have the net income.

If you are in debt, it is a given that you are spending more money than you make. You are in the red. There is no way to play games with yourself about it.

Live within your means. If you can't afford to pay cash, you can't afford to have it. Pay off highest interest debts first.

Usually, when you have less free time, you spend less money on nights out or shopping. When you are in debt, do not go out for shopping or for entertainment until you are managing your financial life the good way. Find something beneficial to do with your rather than going to the mall. This way, you're reducing your debt, and most importantly, not adding more to your debt. If you cannot keep up, you

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may enter a debt consolidation program. Do not ever work with private forms or lawyers with these issues. There are plenty of non-profit agencies who are glad and ready to help you anytime by negotiating maybe a lower interest rates or by plans on improving you financial situation.

Even though you do not like to have an third party agency help you get our of trouble, remember it is 100% better than bankruptcy and you will have a debt-free date to look forward to.

Take this advice from someone who work in the credit card industry; pay your bill every single month, whether you have a due payment or not. Look at how much you're late and over limit fees are. You could be racking up with monthly fees which are added to your principal balance and are then charged interest on the next month.

If you're a real shopaholic, go to the thrift stores. They are often charity run and often don't take credit cards, so you have to pay cash. Keep you living within your means and you can find great stuff there. Go to the well-heeled neighborhoods early for the best stuff. You can get great items if you keep your eyes open. Would you rather have a big credit card bill you can't pay or a few scuffs on furniture or appliances that has lots of life left?

It's a real high to find the things you need and still stay out of debt.

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Be honest with yourself, this way you are on the road to freedom. Ask yourself how this happened to me and why it happen. You will need to really assess all the debts.

Look at all your statements. Cut up and cancel all the cards and accounts, except the one with the highest remaining credit available.

You should keep one account open for an emergency; we are not saying that you must live without a credit card.

To get rid of the debt stress, you will have to give up many things you consider needs. Believe it you can live without new clothes for awhile, without buying the latest smart phone, the cable TV, the higher bandwidth internet connection, and much more, believe it or not. You have to face the responsibility and the consequences.

Luxury items and things you want will be more valuable to you, when you really can afford them with cash up front, or using credit in a wise way.

If you are an employee, be willing to work overtime, get a part-time home job or something similar, there is plenty of websites that offer home job opportunities. Get a better income will help you to get out of debt. When you are free, take an hour just to think and think, try to have new fresh idea that might help you in improving your income and/or reducing your expenses. Search and search, for example you can buy the same item with 30% less price from a different store.

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Do not be fooled with brand name, a xyz mouse for your computer will work the same than a xyz2 mouse. It is a mouse! Why do you need to spend double the price for a brand name!

When you have the same item with different brand names and both of them have a 2 years guarantees. In such situation, do not look for the brand name, look for the cheapest. There are thousands of tricks and ways to save! Always search and save!

If you can buy directly from the factory do it, stores are buying from resellers and resellers from the factory so the fees are double or triple sometimes.

When your debts are high and your monthly income is not enough to cover the payments, there are ways to solve your debt problem. But the road to financial recovery takes a total commitment. You must decide you want to be debt-free. You have to discipline yourself to take the necessary action to pay back your debts. Only you can determine if you are willing to make the necessary sacrifices to achieve this goal.

Finally, it is inadvisable to take out new loans to pay off old ones. So-called consolidation loans are often offered at very high interest rates, quite often all they do is saddle people with new debts they can ill afford.

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Take home message:

- 1- Stop all your credit card and keep only one for emergencies. Always use cash instead. And for the one you keep, be sure to choose one with the lowest interest rate and best credit facilities. If you search you find. If you are a student, look for student plans with zero monthly fees and very low interests and also a low renewal fee.
- 2- Cancel all of your credit lines and request a lower interest rate on the debt you have left.
- 3- If you have multiple credit cards, transfer the debts to the card with the lowest interest rate or get a debt-consolidation loan from a bank at a very lower rate.
- 4- Use cash! And buy what you really need only!
- 5- Pay off the debts with the highest interest rate first.
- 6- Add an extra payment on the next debt by taking the payment you made on the first debt and adding it to the current debt.
- 7- Always have you notepad or PDA with you and invest in personal finance software to track your spending. Search the web and you will find great software for competitive prices. Also invest in debt-reduction

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software, it will help you calculate and create a debt reduction plan.

- 8- If you have investments that are paying lower percent than the credit card interest rate, cash out your investments and pay off your debt.
- 9- Use consumer credit agencies to arrange repayment of debt. Many are free.

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Chapter 7: Help yourself out

Here are few tips that should help:

- Bear in mind that you can solve your problems by simply contacting the people you owe money and get their advice.
- Do not ever ignore the problem. This won't solve your debts.
- Do not panic, there is a solution for everything in this life.
- Create a priority list by taking into consideration the higher interest rates.
- Always have a REALISTIC budget.
- Keep all your bills and letters and everything related to your debts. Do not throw them away. You need them.
- As mentioned before, think before you buy!
- When you take a credit or loan, know the TOTAL COST and NOT the monthly payment only. Do not be fooled with the low monthly payment, know the total cost and the exact interest rate.

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- Use the advices and calculations of this e-book, when you know how to compare the standard repayment schedule and the debt reduction plan, you are on the road to success.
- Don't be fooled by those companies pretending to help you get rid of your debts for a small amount of money; this amount logically speaking is added to your total debts. You can do the management yourself very easily.

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Section III: Conclusion

Last but not least, we have described the most important steps and advice for a debt free living but for sure, this is not enough, you should always think in a convenient way, especially for larger purchases.

You do not need too many credit cards; one major card with least annual fee or even without annual fees is the best thing to pay your bills at the end of the month efficiently.

Use cash for everyday purchases (low purchases between \$10 and \$50). According to studies, when stores allowed customers to use their credit card, the average sale increased significantly. No comment! This is very bad, because you will be paying interest even for foods and drinks! This is not acceptable.

Credit card is not always a magical card in your pocket; unfortunately it turns to a weapon easily.

Do not turn into a machine, take responsibility. You can maintain a good lifestyle without drowning into debts. Take the time to create a realistic budget.

Do you know that the credit card industry now derives 35% of its revenues from fees!!! If you have one credit card, only use it to charge things that you can pay for at the end of the month and can avoid paying those interests,

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which can result in you paying double or triple for your purchases and having less money to spend on other things.

When you're just starting out on your own, Write down your goals then set up a Budget! Sit down and look at your expenses and your income. Be realistic. Don't be foolish. Some of the things that most people want are things I'm going to cover anyway.

Even with good debt you want to think twice before taking it on.

My Advice

SAVE and PAY CASH

PAY it in FULL with CASH

It is so much fun to hand over cash and know that it is
PAID for in FULL

SAVE and pay as MUCH DOWN as possible.
Shop around for the lowest cost FIXED RATE interest
mortgage loans!

Section IV: Online Resources

- [Debt Consolidation Care](#) - Internet's first get-out-of-debt community with 135,000 members. Learn from more than 110,000 people how they got out of debt! You are free to ask questions and you'll receive a prompt reply from their courteous members. The community members and debt consultants offer advice on debt consolidation, debt settlement, debt consolidation loans, dealing with payday loans and collection agencies. They try to make your life debt free in an organized manner. Avail for a **FREE debt counseling session** and allow a debt consultant to bail you out of the stressful situation. Let them help you get out of your debt today! [Click here to browse their forums.](#)
- [3 Methods To File Bankruptcy That Can Save You Money](#) - How can you start with your bankruptcy filing? If declaring bankruptcy is the only means of solving your financial crisis then you need to know the different methods on how to file for bankruptcy. Your goal is to get the most affordable bankruptcy solution and save huge money on legal expenses. Whether you are filing Chapter 7 or Chapter 13, **there is a way to save your hard-earned money.** [Click here and find out today!](#)