
STEPS TO PAY OFF DEBT



MONEYWISE

- Pull your credit report using annualcreditreport.com and make a list of all debt balances, the interest rate for each, and the monthly payment.
- Determine which method of paying off your debts will work for you (debt snowball and debt avalanche are the two most common methods). Would you be motivated by a quick win (snowball) or would you stay more motivated knowing you were paying the highest-interest-rate debt (avalanche)?
- Go to unbury.me. Enter your debt information and estimated monthly payments. This tool will show you how much time you'll need to pay off your debts. You can also see how much quicker you can pay them off if you add extra money to your payments every month.
- Build a budget via an app or a spreadsheet. For items that fluctuate (groceries, gas, entertainment, etc.), average your last three months of spending and start there.
- Create a list of infrequent expenses that may not occur every month (like vacations, gifts, holidays, pet costs, car insurance, and car maintenance). Total how much you'll spend on these items in the next year and divide by 12. Add these expenses to your budget and be sure you save this money every month so these expenses don't surprise you.
- Use your budget to determine the amount you'll be able to put toward your goals each month.
- Set weekly (or biweekly) reminders to compare your actual income and spending to your budget. Where possible, make adjustments if you notice you're spending more than you planned.
- Adjust your budget as life changes, and continue tracking expenses against it every week or two.
- Continue budgeting to find additional money to put toward your goals.

ADDITIONAL RESOURCES

If you'd like help working through a plan for paying off debt, budgeting, or saving money, we have MoneyWise mentors available for a one-hour meeting, as well as ongoing mentoring. For more information or to sign up, check out northpoint.org/moneywise. If you have any questions, you can email moneywise@northpoint.org.