



Get Smart About Debt: 7 Tips to Help You Get Out of Debt NOW

If you are dealing with debt, you aren't alone. The average American household has an [average balance of about \\$6,600 in credit card debt](#), and that's not taking into account home, auto, and student loans. Paying off your debt isn't always easy, but having a plan can go a long way in achieving your financial goals. Check out these seven tips from our partners at GreenPath Financial Wellness that can help you to get out of debt more quickly, so you can save more, plan for the future, and live life financially well.

Get an idea of what you are currently spending.

To know where you're going, you have to know where you're coming from. Are you spending more than you make? Do you have excess money each month that you could be putting toward your debts? Use [GreenPath's budgeting worksheet](#) to get an idea of how much money you have coming in vs. going out each month. Take a look at your spending habits.

Once you have a full financial picture of your monthly surplus (or deficit), figure out

what your spending habits are and how you might change them to get out of debt. Maybe you're spending too much on subscription services – or realize you're spending more than you allotted for groceries each month.

[This online class on Redesigning Your Financial Habits](#) is a great place to start. In about half an hour, you will learn some of the science behind habits, identify your spending habits, and make a plan to retool them to work for you.

Prioritize expenses and identify areas where you may be able to save.

Once you have an idea of where you are spending and why, see if there are areas where you can cut back. If you need some extra help deciding where to make cuts, [this workbook](#) is a great tool to help you to prioritize your expenses.

Hold yourself accountable and check back in on your spending habits.

Great, you've made a plan! But are you sticking with it?

[Plan your paychecks](#) and check back to see how your actual spending compares with your plan. Use the [Highlighter Test](#) to see if your spending habits in line with your goal, or if you might need to change things up a bit. Make adjustments as you need to.

Automate everything.

Set up direct deposits and automated payments so that you don't miss due dates and get hit with a late fee. Use alerts and overdraft protection to help you avoid mistakes.

Choose a debt payoff strategy that works for your situation.

When [choosing a strategy](#), you will probably want to pay the minimum on all your debts and focus extra payments on one debt at a time. When you pay one account off, redirect the monthly payment to the next one in line, adding it to the minimum you were paying already. This way, each time you pay off one debt, your payment on the next one gets bigger.

Look into a debt management plan.

Depending on your situation, there may be options for you to get out of debt more quickly. If you have high-interest credit card or other unsecured debts, a debt management plan (DMP) could be just what you need to get out of debt for good.

A DMP works with your creditors to bring your accounts current, lower interest rates, and eliminate fees. This means that more of your payment goes toward reducing your account balances. It can help you [pay off debts faster](#) and save money on interest. An added benefit is that once the debt management plan is established, dimin-

ishing collection calls and creditor balances help reduce worry and stress about your [debt situation](#).

If you are considering a debt management plan, look for a reputable, nonprofit credit counseling agency to assist you. Our partners at GreenPath offer [free debt and credit counseling](#), and if appropriate to your situation, they can support you through a DMP. (Check out their [DMP calculator](#) to get an idea of how much you could be saving.)

Speak with a financial counselor.

Taking control of day-to-day financial choices is the foundation for creating more opportunities. If you're still unsure of where to start in paying off your debt, we encourage you to connect with our partners at GreenPath for a [free financial counseling session](#). Their professional, caring counselors will explain your options and support you to develop a personal action plan that works for you.

**Contact our Financial
Wellness TEAM**

finwell@alabamaone.org

**Visit GreenPath's
Website**

www.greenpath.com/aocu

We are proud to partner with GreenPath to provide our members with financial wellness education, counseling, and debt management services.

