

The Debt Issue



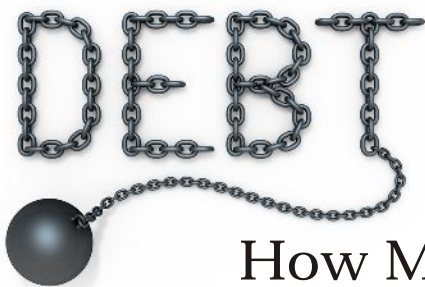
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How Much Do You Owe?

The average American has about \$9200 in credit card debt, according to CardWeb.com, and the average interest rate runs in the mid- to high teens at any given time. About 40% of Americans spend more money per year than they make. With the economic worries that our nation is struggling with, it is important to get control of our borrowing. With the turmoil that is in the world, families need to be able to best position



themselves to be successful and vibrant. A study conducted among newly wed couples found that any amount of debt brought into a new marriage has a negative impact on newlywed levels of marital satisfaction. This issue of Marriage Sense will address the need of reducing debt which will in turn lower stress with the family and give the family the opportunity to better prepare for the future.



How Much Will it Cost YOU?

Amount of Debt	Interest Rate	Payment Amount	Years to Payoff	Interest Paid	Total Cost	Amount Saved
\$9200	15%	\$120	21	\$21,768	\$30,968	0
\$9200	15%	\$130	14.5	\$13,566	\$22,766	\$8202
\$9200	15%	\$140	11.5	\$10,343	\$19,543	\$11,425
\$9200	15%	\$150	9.8	\$8,477	\$17,677	\$13,291
\$9200	15%	\$175	7.25	\$5,953	\$15,153	\$15,815
\$9200	15%	\$200	5.75	\$4,633	\$13,833	\$17,135
\$9200	15%	\$250	4	\$3,241	\$12,441	\$18,527
\$9200	15%	\$300	3.25	\$2,506	\$11,706	\$19,262

www.extension.org/pages/financial/security: Managing Money in Tough Times
www.utahsaves.org
www.utahmarriage.org

What's
on the
Web?

Developing a Plan for Debt Elimination

You can get rid of your credit card debt. Follow these steps and put first things first. Begin by gathering all your credit card bills together. For each account, write down the total balance, the APR and the minimum monthly payment required. Next look at your debts and set priorities for your repayments. Don't become discouraged. You have taken an important first step by writing down what you owe and acknowledging it. Now you can begin to make a plan and you are your way to reducing your debt.

First, determine your ability to pay. If your total payments are much more than you can afford, you are in trouble. You may need to contact a non-profit credit counseling agency.

Next, prioritize your repayments. These strategies will help to cut your debts as soon as possible:

Pay high-rate cards first. At higher interest rates, more of your monthly payments go toward finance charges. Quickly paying off balances on your credit cards with high rates can free up cash to pay other bills.

Pay off cards with the smallest balances first. Paying off cards with small balances gives you extra money to pay on the bigger balances and gives

you the satisfaction of paying them off. They may not be the highest interest rate cards, but you can pay them off fairly quickly. You make the decision which of the two strategies makes the most sense for you.

Find a way to pay more than just the minimum payment. If you pay



only the minimum payment required each month, it can take a very long time to clear your balance. Plan on paying more, even if it's just a little bit.

Make Power Payments. Once you pay off a bill, next month add the amount you've been paying to the amount you pay your remaining creditors. For example, let's say you pay \$30 a month to Sears. Once it is paid off, you add \$30 more to the check you write for your VISA account. Then when you've paid off VISA, add that amount, including the \$30 from the Sears account, to the check you write

to pay your MasterCard amount, and so on until all the accounts are paid in full.

Stop making new charges. This is critical to paying off debt. If you have to, have a "plastic surgery party" and possibly cut up cards, hide them, or lock them in a drawer.

Stay flexible. The key to sticking to your debt repayment plan is to stay flexible. If you find that you set unrealistic spending limits in the beginning, revise your spending plan the next month.

Get a cheaper credit card. Find one or two low-rate cards and cancel all the others. Switching from a high-rate credit card to a low-rate card can easily save you \$200 or more a year. However, be sure to read the fine print and make sure a low-interest isn't just introductory and won't increase later.

One of the most important parts of paying off debt is to do it together. Talk to each other. Plan monthly financial talks where you can calmly discuss the plan and make goals for each month. Congratulate each other on working together towards your goal.



Table Talk Tips for Families

- ✓ Set aside a regular time to discuss money. By having a regular meeting, you will spend less time and avoid problems.
- ✓ Don't blame each other for financial problems. Divide regular financial tasks as evenly as possible.
- ✓ Make sure you discuss and agree about the use of any extra money (such as tax refunds).
- ✓ Write short and long-term financial goals together. Respect family member differences and work toward decisions everyone agrees with.

Are You Struggling to Pay the Minimum?

FIGHT BACK!

1. Stop Charging
2. Drop Spending
3. Roll your balance

over to a credit card that charges a lower interest rate, and be sure to read the fine print.



The PowerPay program is an easy-to-use educational tool that helps users create their own debt elimination plan. See how quickly you can be debt free and how much money you can save by following your plan. The concept behind a PowerPay debt elimination plan requires no additional money but involves rolling debt payment from paid off accounts to remaining debts. www.powerpay.com

PowerPay

Helping Debtors Become Savers



How can I come up with extra money?

Adjust your tax withholdings and put the extra money toward debt each month.

Pack your own lunch. Fast food at \$5 a day adds up to around \$1305 a year.

Pay bills online. You'll avoid late fees and save on postage as well.

Review telephone and internet bills. Are you paying for features that you don't use?

Adjust your thermostat at night or when you're not at home so temperature, and expenses stay under control.

Save on gas by combining errands instead of making several trips the same day.



MARRIAGE

SURVIVAL

It's a jungle out there!

How to talk about Money

Discussing finances is always a very highly charged situation.

The following items are several of the roadblocks to good communication:

Ordering, directing, commanding: "I earn the money. I'll spend it any way I want." "You can't buy any more fishing gear."

Warning, threatening: "If you bounce a check one more time, I'll knock your head off." "OK, now you've had it."

Preaching, moralizing: "Some people never seem to know when to quit." "Your mother should have taught you the value of a dollar."

Advising: "Why don't you try to be more careful?" "Use my record-keeping system."

Judging, criticizing, blaming: "I would have thought you'd have known better." "Now see what you've done."

Name-calling, ridiculing, shaming: "You idiot!" "You ought to be ashamed of yourself."

Interpreting, psychoanalyzing, assuming: "How come your mistakes always cost big bucks?" "You were just trying to get back at me for what I did yesterday."

Teaching, instructing: "How would you like it if someone did that to you?" "Do you know how much it's going to cost me to replace this?"

Rescuing, intervening: "Give me the checkbook. I'll have to do it if I want it done right." "Don't invest in that company. Dad will think you've lost your mind."



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