



Quaker Oats Credit Union

5 Best Ways to Get Out of Debt

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Getting out of debt and keeping your spending under control can boost your financial and physical well-being. And while there's no instant fix for those who want to learn how to get out of debt fast, the path to finding your financial Zen can be distilled down to a few key principles.

Here are 5 ways to get out of debt and be more mindful about your money.



1) Find out where you stand

Reviewing your credit history does two things: Alerts you to possible mistakes on your credit record (which are fairly common), and gives insight into how flexible your creditors might be if you try to renegotiate your payment plan. Start by getting a free copy of your current credit report at AnnualCreditReport.com. This type of "soft" inquiry won't impact your credit score like a loan application would, so there's no reason not to download this document. Review your report carefully to ensure that all of the accounts listed are legit. If you spot something suspicious, contact us or the credit agencies ASAP.

2) Negotiate with creditors

It's hard for most people to negotiate with creditors, but it can make a difference in getting out of debt. Prioritize your most important bills, including utilities, transportation, insurance and your rent or mortgage. Pay all of them in full if possible. If you're not able to pay the minimum on a credit card, give the card issuer a call. Depending on your history, you may be able to negotiate a lower interest rate or at least a lower minimum payment.

3) Use budgeting apps, software or services

Creating a budget and sticking to it can lower your debt and erase stress, making you a happier and healthier person. Budgeting apps, software and services can help you find financial enlightenment and empowers you to maintain your progress. Start by entering your income and recurring expenses. Overestimate important costs such as utilities, transportation and food to allow yourself a buffer. Use your budgeting tool to help you spot areas where you can cut back. Whatever money is leftover after paying your monthly expenses should go directly toward outstanding debts.

4) Focus on one debt at a time

Many experts advise choosing one outstanding debt to target first, but there are different theories on the best one to select. Some people choose the smallest debt first for the motivation that paying it off will provide. Others choose to go after debt with the highest interest rate first, because it's costing the most money.

Once you choose which debt to work on first, pay the minimums on all other outstanding debts, and put every leftover dime toward the debt you're targeting.

5) Use unexpected money wisely

Don't include things like year-end bonuses in your budgeting, because amounts and timing are not guaranteed. When you find yourself with unexpected money, put it toward debt before you even have a chance to think about it.

Source: www.mint.com

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