



Employee NEWSLETTER

Employee Assistance Program
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Tips to Get out of Debt

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According to 2016 NerdWallet statistics, the average American household carries \$16,061 in credit card debt. And by the time the holiday spending frenzy has rolled past in January, this number could become even higher. In order to avoid a post-holiday debt hangover, consider using some of the following tips for getting ahead of your debt, rather than behind it.

Look your debt straight in the eye

Like starting a diet, you can't monitor your progress if you don't know your starting point. Look at your debt and organize it by highest interest rates and annual fees, and pay these credit cards off first.

Write it down

This is the first step in the dreaded "b" word—budget. Document every bill by total amount owed, monthly payment, and due date.

Be on time

Note any cards with late fees and commit to pay on time. This will help you develop a stronger credit score, which may also enable you to request a lower interest rate from your credit card company. Consider using auto-pay via online banking to help you keep on track regarding deadlines. It can also pay off to research credit card companies who offer low interest

rates, as well as some that charge zero interest the first year when you transfer your balance to their card. Sleuth out the best rate and company.

Account for expenditures

Next, write down all your monthly expenses like rent/mortgage, utilities, food, car-related, health and personal costs, entertainment, etc. Are there expenses you can cut out, even temporarily? Can you cook at home for the next three months, limit your shopping trips, and maybe even let go of cable TV for a while? It won't sting as much if you commit to a short-term cut-back. And who knows—you may even discover you can live without some of the "must-haves" you let go of.

Do the math

Look at all of your expenses, then subtract them from your net monthly salary—this is the surplus that you have to work with. Next, identify any extra money you may have created by letting go of some of your regular spending habits.

Establish a financial goal

Determine how much of your surplus you can devote to paying off the highest credit card and create a timeline for doing it.

While clearing up debt isn't often easy, it can be very satisfying. Give yourself a moment to enjoy the first few days of the new year. Then, if you find that debt really is giving you a headache, give the ideas above a try. You can also find some really helpful tools, such as budgeting templates, credit card, and debt management calculators on your EAP website: www.firstchoiceeap.com.

And above all else, don't be discouraged. Start taking small steps now and soon you may be watching your debt shrink.