



November, 2014

Debt relief is a serious problem for most Americans. We live in a society where everyone wants the coolest gadgets, a nice car and a nicer house. There's nothing wrong with that. Unfortunately, the good life that you've worked so hard to achieve is not free, nor does it come cheap.

If you earn any sort of a decent salary, then chances are you've got student loans to pay off. Education is probably one of the most expensive debts that most people will ever have. The cost of your first car is more often than not, considerably less expensive than your student loans.

So, you've got debt. Nearly everyone has debt, but that doesn't make it any easier to live with. And, if your debts are starting to exceed your income, then you've got a real problem that can keep you up nights on end without sleep.

You need to do something about it. And you need to do something about it right now. Today!

Have no fear, you and I are of a similar kind. We know that the best way to live a good life is to have more money. But what is not obvious, is that we also need to spend less.

Really, it's not the little stuff that knocks your budget out of whack. Time and time again, I've heard of people trying to budget by cutting back on a café latte'. That latte' at \$5 a whack, twice per day is \$3, 650.00 per year. That may seem like a lot, but not so much as compared to new \$20,000 car.

Which one is going to hurt you the most? The latte' or the car at 9% interest. After 4 years, the car is going to cost you an additional \$4,000 in interest or \$24,000.

My point is, that no matter how much the gurus bombard you with the idea that you need to cut every corner, stop buying bottled water, eat peanut butter sandwiches and stop eating out. The effect is negligible compared to making the big purchases, such as cars, houses and taking education loans. You can save getting a better rate on auto or mortgage loans. Also, if you have kids in college, before you take that student loan, seek scholarships first.

So what can you do?

1. Check your credit rating first to make sure that there are no errors on your report. Everyone in the USA is entitled to one annual free credit report. Also, if you are turned down for a credit card, you can get a free report.

<http://www.ftc.gov/freereports>

2. Get all your expenses into an excel spreadsheet and add them all up. First add up the monthly payments, then on a separate sheet, add up the total amounts of each debt. How much is required to pay them all off?

3. Gather up all your credit cards and start calling the banks to see if you can get a reduction in interest rates. Sometimes simply asking will help. You never know until you ask.

4. Create a list of just your credit cards and loans. Make a decision to pay off either the largest balance or the highest interest rate. We start with the credit cards because they typically have the higher rates.

5. Pick one card or loan payment at a time to attack. You can make minimum payments on the other cards that you did not select to payoff. Yes, interest will accrue on the others, but you have a plan. You will double your payment on the one loan that you have selected to payoff early. For credit cards, take all the money saved from paying the minimums on the other accounts and put that money on the one you want to attack. This may seem radical but it works! This is an extremely powerful method for reducing debt.

If you decide to tackle your mortgage, then you must be aware that some mortgage companies require that you fill in the payment blank explicitly telling them how much extra goes to the principle. If you do not answer this question, they may put the extra money into an escrow account which gains no interest and is not applied to reducing the mortgage debt.

6. Stop making unnecessary credit card charges. Don't pay for groceries or McDonalds using credit cards. Use cash for McDonalds and debit cards for groceries. You can have that latte', but you should use cash to pay for it.

7. Take all the cards but two, one for yourself, and one for your spouse and put them in a box. Don't cut them up or close the accounts, as some people are saying. The reason being is that your credit score reflects your "total available credit." So, if you start closing accounts, you reduce your available credit, which hurts your credit score. We are trying to help your score, not hurt it.

8. Transfer balances for higher rate cards to lower rates. If you receive an offer for 0% for six months and you've got a card at 20%, then make the transfer. However, be careful to find out what is the normal rate for the 0% card. The normal rate needs to be lower than the higher rate card or you may find yourself stuck in a worse situation. 9% is a decent normal rate. Do your homework.

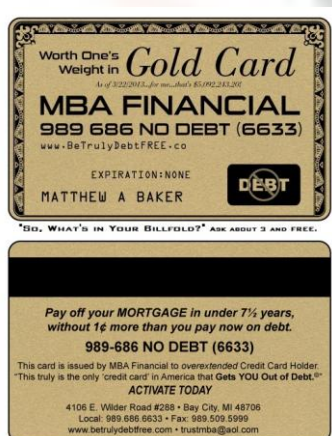
9. Become a bargain hunter. Don't settle for paying retail prices. The internet is a great place to find bargains. Also, the Sunday paper can help you with coupons and other great deals. Don't ever walk onto a car dealership without first visiting their website and viewing their clearance vehicles. Go the <http://kbb.com> and find out what your trade-in is worth before you start negotiation. Don't let the big purchases bite you.

10. Do not borrow against the equity in your home. There are lot's of great deals out there. Maybe you're thinking about a new kitchen or a swimming pool. Don't do it. When you decide to sell your home, your going to take one in the shorts. You'll never get that money back when you sell your home. Brokers are typically going to charge you about 6% to sell your home, on a \$200,000 home, that's \$12,000. That comes straight out of your pocket. Real estate values all across the country are on the decline. There are too many new houses on the market and the market is in constant change. Even though the interest on home equity loans is tax deductible, don't borrow against your home for any reason. You need to maintain your equity.

Try these tips before going to a debt counselor. Most debt services will reduce the amount of your loans but at a terrible cost to your credit rating. Generally, it takes about 7 years to remove bad credit from your report. It takes 10 years to remove a bankruptcy. Most agencies provide very little in the way of actual debt counseling. What they provide is debt relief by negotiating with the same credit card companies who pay them. Becoming debt free is not easy, but if you will follow these tips, and pick one credit card or loan to attack at a time and remain committed, you can truly become debt free in three to five years. Good luck and best wishes.

Please feel free to call me personally any time at **989.686.6633** to answer questions or help provide any helpful information.

Thank you for your valuable time. I look forward to working with you, and earn your best friend's trust.



Respectfully Submitted,

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