

## **A Plan For Becoming Debt Free**

**The relative ease of obtaining credit enables consumers to get goods and services when cash is not readily available. It also allows them to buy things on sale, make purchases when prices are low, and pay for items at the same time they are using and enjoying them.**

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Unfortunately, problems and financial risks occur because consumers and creditors abuse credit. Careless use of credit by consumers can lead to financial difficulty, family problems, repossession of property, garnishment of wages and even bankruptcy.

Options are available to help you manage financial difficulties when bills stack up and you cannot pay them. This section discusses how to spot potential debt problems, how to set up a debt-payment plan, and court provisions for handling credit obligations.

Many people find themselves deep in debt at least once in their lifetime. It is not necessarily brought on by a desire to spend oneself into oblivion, but rather a lack of financial planning.

In this section are the steps one can follow to get out of debt. These should help you in fighting the “debt giant.”

Avid skiers delight in telling others how exhilarating it is to glide down the slopes. In their mind, there is nothing like it and they can't understand why some of their friends are not as excited about joining them on skiing trips. Skiing into debt is also very exciting. However, the price of escaping from the debt is greater than most people realize. Simply stopping the intake of new debt is not enough. A multi-faceted and financial reverse is necessary.

Look at what must happen in order to work your way out of the debt trap.

- ✓ Stop spending more than you make.
- ✓ Spend considerably less than before.
- ✓ Pay off the old debt.
- ✓ Pay interest on the old debt.

Your journey to financial freedom will be an individual one, with your own circumstances dictating much about your plan. Here are a few steps you can use as a guide to map out your own course. A brief explanation will help you understand its simplicity as well as its usefulness. George Fooshee, Jr. gives the following ten steps to getting out of debt in his book, *You Can Be Financially Free*, published in 1976 by Fleming H. Revell Company. Much in the next several pages has been adapted from what he has written. Here is a quick summary of steps that must be taken.

1. Set a goal.
2. List all you owe and all you own.
3. Have a sale of unneeded or unused assets.
4. Fix a monthly debt-payment amount.
5. Do not add new debts.
6. Establish a time goal.
7. Cut the goal in half.
8. Develop a repayment schedule.
9. Share the repayment schedule with your creditors.
10. Stick to your plan.