



25 Tips for Debt Reduction

by Marc Cram, CFP™

Are you on track to Health, Wealth and Well-Being? If you feel sidetracked in your quest for a life of prosperity, then read on.

Until you have your debt under control there is very little you can do to increase your wealth. Wealth creation is a function of the way you think about money, what you do to allow it to flow, and how you speak about it. Here are some tips to start you in gaining control of your financial future.

1. **Get Real**—The first thing you must do is admit you have a problem. Getting real means actually looking at the bills, adding up the debt, and seeing just how bad, or good, your situation is.
2. **Plug the Hole**—After you know what's real and what's not, you need to plug the holes. Stop going further into debt by creating new debt. Remember, a dollar lost doesn't just cost you that dollar, it also costs you what that dollar could earn if you still had it. We call this opportunity cost
3. **Eliminate Unnecessary Items**—Look for things you can live without and learn how to say no. Do you really need that magazine subscription or cable service? Remember the opportunity cost.
4. **Plastic Surgery**—Get rid of the cards that created this mess in the first place. This is often the hardest thing for most of us to do, but it will bring the greatest rewards.
5. **Keep Records**—Start keeping track of what you spend money on. Buy a small notebook and write down how much you spend and what you spend it on. Then transfer this to a spreadsheet so you can see exactly where the money goes each week and each month.
6. **Debt is a Temporary Situation**—Don't look at your debt as a permanent thing. You can pay off each and every creditor and you can do it comfortably without depriving yourself. You *can* live a life of prosperity and abundance.
7. **You Have More Than You Think**—Don't let the temporary condition of your debt cloud the many blessings that are in your life. Be thankful for your family, your job, your ability to work, and the many material things in your life.

8. **Bankruptcy is Not an Option**—Bankruptcy is just a delaying tactic. It will give you a little more time but it won't get to the underlying cause of your debt. Sooner or later you will end up in the same position. Bankruptcy does nothing to alter your beliefs about money; it may leave you with a sense of shame and embarrassment, and it plagues your credit for 10 years.
9. **Debit Cards**—Once the credit cards are gone you should get a debit card to purchase things you know you can afford. By using a debit card you are restricted to the balance in your checking and savings accounts. It removes one more means of going into debt.
10. **Make More Money**—What can you do to bring more money into the household? A part-time job, a garage sale, consulting work? Use your imagination or get the family together and brainstorm. You will be surprised at the ideas that you will come up with.
11. **Celebrate the End to Each Bill**—Don't suffer over your debt, celebrate its demise. You should reward yourself when each debt is paid off. Maybe it is a meal out or a day trip to the beach or a dinner party at home. Let your success be recognized.
12. **Take Action**—Make lists of actions you can take. Keep your spending record, look at the want ads, make a few extra calls each day, create mailing lists, change your hairstyle, wake up earlier, exercise, meditate, turn a hobby into a profession. Keep yourself in action and success is guaranteed.
13. **Balance Your Checkbook**—Know where you are every day. Make sure when you balance your checkbook that you don't forget to add in all the things you spent cash on.
14. **Get Support**—Alone is how you got into this mess and chances are alone will be how you stay in it. Ask for help. Get a coach, hire a credit counselor, join Debtors Anonymous, or just share with a friend who will hold you to your word.
15. **Keep It Simple**—Don't let yourself think you will never succeed. The letter from the creditor that came today is just one letter. You will not die if you open it and you will not die if you don't pay them this month. Keep your focus on one thing at a time and pay your creditors off one at a time.
16. **Have a Plan**—If you are to succeed you will need a plan. One way to plan is to start paying off your creditors from the smallest balance debt first. Once you have paid it off, take the money you were putting onto that bill and add it to the next bill. This way you will accelerate your debt reduction.
17. **Tell the Truth**—Don't lie to your creditors. Trust me: they have heard them all. Be straight with them and make requests of them. See if they would be willing to reduce your interest rate or set up a different payment plan.
18. **Make Notes**—When you talk with your creditors make notes about who you spoke with and what was discussed. Make sure you note the date and time of the call and any other pertinent facts. Keep your notes in a place they can be accessed easily should there be a question about the conversation in the future.
19. **Consolidate**—Consolidating your debts may help but be wary of what it might cost you. Can you afford the combined payment and can you keep yourself from taking on new debt?

20. **Speak Success**—Start being responsible for what you say and how you say it. Get the negatives out of your speech: “I have a lot of debt,” “I wish I had more money,” etc. Start speaking from abundance and prosperity: “I am debt-free,” “More money comes to me every day,” “I do wonderful work in a wonderful way,” “I give wonderful service for wonderful pay.”
21. **Create a Pool**—There are debt pooling agencies that will negotiate with your creditors and pay your monthly bills. You send them a single check each month. The cost of this service can be high, though. Make sure you check them out thoroughly before signing anything. A better approach might be to use one of the legitimate non-profit organizations in your area.
22. **Know What You Want**—Start to dream a little. What would you do, be, or have if money were no object? Get out a piece of paper and write down all the things you would like to be, have, or do, and start to feel what it would be like to get what you want.
23. **Look For Opportunity**—Be open for miracles and serendipity to appear in your life. When you open up your mind to what you want, don’t be surprised if it starts showing up. Be ready and willing to act on those opportunities.
24. **Create Multiple Sources of Income**—No one ever got rich working for someone else. Look for ways to add additional sources of income. Maybe it’s that book you have been meaning to write, a piece of rental property, or a great network marketing business. Keep your eyes and heart open to what that business might be.
25. **Never Go Back**—Commit to never go back to the debt trap again. Build that cash reserve, add to your investments, and develop multiple streams of income. Feel good about yourself and what you have accomplished and share your knowledge with others. You can be proud of yourself and your achievement.

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If you would like more information or are interested in attending one of Marc’s workshops on debt reduction or wealth creation, please visit his website.

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