

How to Eliminate Debt

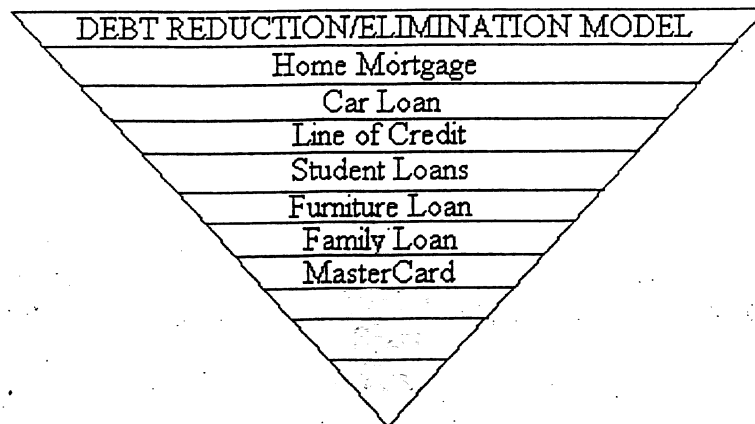
Step 1: **Declare a moratorium on additional debt.**

- No more credit spending
- If you don't borrow money, you can't get into debt.
- If you don't borrow any more money, you can't get further into debt.

Step 2: **Make a covenant with God that from this point on, as He blesses, you will pay off your debts as quickly as possible.**

- Set a target date for being debt-free. When God blesses you financially, use it to reduce debt – not to purchase more things.
- Apply **all** extra income (awards, promotions, cost of living increases, tax refunds, etc.) to your debt-reduction plan.

Step 3: **Make a list of all your debts from the largest to the smallest in descending order, as in the illustration below.**



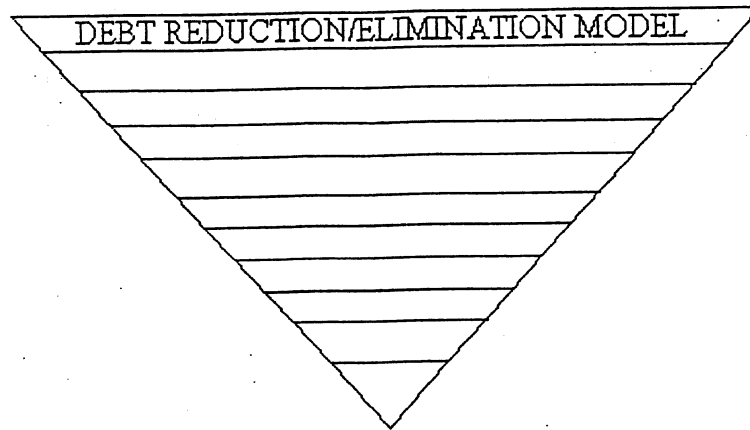
- Begin by making at least the minimum payment due on each of your debts on a monthly basis.
- Starting at the bottom of the triangle, double-up or increase in any way you can your payment on this debt.
- When the smallest debt is eliminated, then use the money that was paid on the bottom debt to add to the basic payment on the next debt listed.

As you eliminate your smaller debts, you will free up a surprising amount of money to place on the next debt. You will have many occasions to praise God for His blessings and for the freedom you are beginning to experience.

When you reach the home mortgage debt at the top of the list, you will be able to use the money once spent on consumer debt to make additional principal payments; reducing the length of your home loan by months or even years.

YOUR DEBT REDUCTION/ELIMINATION MODEL:

Date: _____



More Ways to Become Debt-Free

Some things you can do to provide extra cash to speed up Step 3:

- Destroy your credit cards
- Establish a budget
- Set goals, determine that by a certain date you will have a particular debt paid off
- Purchase depreciating items with cash (groceries, gas, etc.)
- Begin economy measures
 - ◆ Don't go grocery shopping when you are hungry
 - ◆ Don't eat out as often
- Have a yard sale