



## Tips to Manage Debt Responsibly

- **Are you aware of all your monthly payments, and do you include them in your budget?**

This may seem obvious, but many people have no idea what their total debt burden is each month. In addition to rent, food, utilities, transportation, clothing, entertainment and gifts, be sure to include credit card payments, auto loans, personal lines of credit and any other debt obligations when budgeting your income.
- **Do you pay your bills on time?**

In addition to protecting your credit history, you will avoid costly fees and late charges. For example, if you are often late paying your credit card bills, you may see your interest rate increase.
- **Do you record all your debit transactions?**

In addition to keeping your account in order, by recording all of your debit transactions—purchases—you will avoid costly fees you may incur by overdrawing your account or bouncing checks.
- **Have you reduced your interest rate whenever possible?**

Research credit card interest rates. You may find out there is a lower-interest card for which you qualify. Consider getting a loan with a lower interest rate to pay off a more expensive loan; investigate what is required and whether you qualify. Call your bank and ask for a lower rate; explain your situation. Remember that when you lower your monthly payments, you extend the length of the loan, and therefore the time you are in debt.
- **Have you applied for a secured major credit card?**

Your bank may be willing to give you a credit card if it is secured by your savings account. After a few months of responsible use of a store or gasoline credit card, a deposit of \$500 to \$1,000 may be all you need to get your first major credit card.
- **Have you accumulated more debt than you can comfortably pay each month?**

Determine what percentage of your income can be spared to pay off debt, and do not exceed it by charging more.
- **Do you protect your credit information?**

Don't become a victim of fraud! Keep records of all your accounts and the numbers to call if a card is lost or stolen in a safe and secure place. Never give out your personal financial information over the telephone to vendors or others who call. This includes your checking account number, credit card number, passwords or other account information. Only give this information when you have initiated the call.