

Tips for getting out of debt this year



I bet there are a lot of you out there

Folks who want 2011 to be better than 2010. You want to change certain habits, things about your appearances, or even your finances. If you have decided to get out of debt in 2011, I put this list together to help give you some tips to motivate you to get started. And so what if it's already May—it's never too late.

1. Make a New Year's resolution

Yes, I know most people break their New Year's resolutions. But, I also know that for some people New Year's is the perfect opportunity to set and achieve a new goal. Just be sure your goals are achievable and measurable.

What's the worst thing that could happen? You set a goal and don't make it. But, it is worth the risk of setting a goal and achieving it.

2. Educate yourself

We currently live in a generation where we have access to more information than any of our ancestors. Most of us live in a town that has a public library. This means we usually have access to an unlimited supply of books. On top of that, most people have internet access in their own homes. During this process, you'll want to read some personal finance books and read blogs focused on getting out of debt. This way you'll learn some helpful tips, tricks, and strategies for getting out of debt.

3. Motivate yourself

Very little in life happens without motivation. You don't get out of bed, you don't succeed in work, you don't do much of anything without motivation.

The truth is that getting out of debt will require some sacrifices. Sacrifices are always easier to make when you have an underlying motivation that is more rewarding than the sacrifices you are currently making. Motivate yourself by setting clear and achievable goals. Use that motivation to propel you through the dark days of debt repayment.

4. Organize yourself

During this stage, you'll want to be sure you can answer some of the following questions:

- What is your total debt?
- How much interest rate is associated with each debt, and what is the total pay off balance?
- How are you going to track your spending? A personal finance software program? Pen and paper? Excel Spreadsheets?
- What 'system' will you use to get out of debt? Pay off the lowest balance (debt snowball) or the highest interest rate loan?

You'll want to have a very clear sense of where you are going and how you can get there.

5. Cut your expenses

Yes, I know, this isn't any fun. We might just call it a necessary evil. Either way, you'll need to get your budget (or learn how to make a budget) and put an "x" over items that are not absolutely essential. Remember, the more you cut in this stage, the more money you'll have to pay towards your debt. Depending on your personality, you might be motivated more with each debt you cut.

6. Make a tough choice about credit card usage

For most people, their debt involves some credit card debt. If you are getting out of credit card debt, you'll need to decide if you should keep using the credit card. Obviously, you can't keep using it like you have been since that is the source of your problems. My suggestion would be to cut up the credit cards and stop using them completely. If you must hold onto a card then don't carry it with you. Leave it at home in a safe.

7. Get on the same page with your spouse

If you or your spouse are not on the same page, the process will be a lot more difficult. Of course, the big question is how do I get my spouse on board? While every couple is different, you could consider reading the same materials, talking openly about your feelings, and sharing like goals. When you share goals, you are usually more likely to take the necessary steps to accomplish your goals.

8. Surround yourself with like-minded individuals

When you are getting out of debt, you want to be influenced by people who support your decision. Not everyone does. Hang out with friends who are frugal. Befriend people who enjoy movies at home instead of in the theater. Join online chats or comment on blogs where people are passionate about getting out of debt.

9. Increase your income

Depending on how you did in the 'cut your budget' stage, you may need to make more money on a part time basis. The key here is part time. Set a goal of how much extra income you need to make, and once you reach that level – quit!

10. Set financial goals

Goals are the fuel that propel you through the slow days of debt repayment. Hey, the process will get hard and it will seem to drag on at points. You'll want to quit and give up. You'll start to think that your old way of living wasn't so bad after all. These are the days you need to look at your goals and remind yourself of why you are making the decisions you are making.

11. Stop making excuses

Sometimes, not always, we make excuses. *I would get out of debt but*

Right now you have a perfect opportunity to change something and create a new financial identity. Accomplishing a goal always feels great. Imagine how you would feel if you paid off all your debt and didn't owe any money to anyone.

Hey, what are you still doing here? It's time to go and get started.

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