

BANKRUPTCY

PAST DUE

GUIDE TO HELP YOU GET OUT OF DEBT

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INTRODUCTION



INTRODUCTION

Personal debt can be a heavy burden. It can make it difficult to save for the future, buy a house, or even find a job. If you're struggling with debt, you're not alone.

According to the U.S. Census Bureau, 80% of American adults have some form of debt. The average debt of American adults is \$38,000.

Personal debt can have a number of negative consequences, including:

- **Financial problems:** Personal debt can make it difficult to save for the future, buy a home, or even find a job.
- **Stress and anxiety:** Personal debt can increase stress and anxiety. If you're worried about how you're going to pay your debts, it can be difficult to sleep, focus at work, or enjoy life.
- **Legal problems:** In some cases, personal debt can lead to legal issues, such as wage garnishments or lawsuits.

Getting out of personal debt takes time and effort, but it is possible. By following the steps outlined in this guide, you can create a plan to get out of debt and improve your financial health.

Objectives of the Guide

The goal of this guide is to provide you with the tools and knowledge you need to get out of personal debt. This guide will help you understand the causes and consequences of personal debt and give you practical advice for creating a debt repayment plan.

Who Should Read This Guide?

This guide is for anyone struggling with personal debt. If you have credit card debt, student loans, car loans, or any other type of debt, this guide can help you pay it off.

How to Use This Guide

This guide is divided into five sections:

- **Causes and consequences of personal debt**
- **Steps to get out of personal debt**
- **Debt repayment strategies**
- **Additional resources**
- **Conclusion**

You can read the guide from beginning to end or skip directly to the sections most relevant to your situation.

Tips for Getting Out of Personal Debt

Here are some general tips that can help you get out of personal debt:

- **Be realistic about your goals.** Don't expect to pay off all your debts overnight. Set small, achievable goals that will help you stay motivated.
- **Be patient.** Getting out of debt takes time and effort. Don't get discouraged if you don't see immediate results.
- **Don't give up.** If you fall off track with your plan, don't be discouraged. Get back on course and keep moving forward.

Work with a Financial Counselor

If you are struggling with personal debt, it may be helpful to seek assistance from a financial counselor. A financial counselor can help you assess your financial situation, create a budget, and choose a debt repayment strategy.

There are many financial counselors available, so be sure to research and choose one that fits your needs.

What is Personal Debt?

Personal debt is the money a person owes to another person, business, or

financial institution. It can be caused by a variety of factors, such as credit purchases, student loans, mortgages, or auto loans.

Personal debt can have a significant impact on a person's financial life. It can make it harder to save for the future, buy a home, or even find a job. It can also increase stress and anxiety.

Types of Personal Debt

There are many different types of personal debt. Some of the most common include:

- **Credit cards:** Credit cards are a popular way to make purchases on credit. However, they can be very costly if not used responsibly.
- **Student loans:** Student loans are borrowed funds used to pay for tuition, fees, and living expenses while in college. They can be very expensive and may take many years to repay.
- **Mortgages:** Mortgages are loans used to buy a home. They are usually very large and can take many years to pay off.
- **Auto loans:** Auto loans are loans used to buy a car. They can be costly and often carry high interest rates.

Causes of Personal Debt

The causes of personal debt can vary from person to person. Some of the most common causes include:

- **Impulse purchases:** Impulse buying can quickly lead to debt. It's important to plan before making a purchase and ensure you can afford it.
- **Unexpected events:** Unexpected events, such as job loss or illness, can make it difficult to keep up with debt payments.
- **Poor financial management:** Poor financial management can lead to accumulating debt. It's important to create a budget and stick to it.

Consequences of Personal Debt

Personal debt can have a number of negative consequences, including:

- **Financial problems:** Personal debt can make it difficult to save for the future, buy a home, or even find a job.
- **Stress and anxiety:** Personal debt can increase stress and anxiety.
- **Legal problems:** In some cases, personal debt can lead to legal issues, such as wage garnishments or lawsuits.

How to Get Out of Personal Debt

Getting out of personal debt can be challenging, but it's possible. Here are some tips that may help:

- **Make a budget:** The first step to getting out of personal debt is creating a budget. This will help you see how much money you're spending and on what.
- **Reduce your expenses:** Once you know how much you're spending, you can begin to cut back. There are many ways to do this, such as canceling subscriptions, cooking at home more often, or finding ways to save on travel.
- **Increase your income:** If possible, try to boost your income. You could look for a second job, ask for a raise, or find ways to generate passive income.
- **Choose a repayment strategy:** There are several different debt repayment strategies you can use. Choose one that fits your financial situation and goals.
- **Stay motivated:** Getting out of personal debt takes time and effort, but it's possible. Stay motivated by setting specific goals and deadlines, and tracking your progress.

If you need help getting out of personal debt, there are several resources available. You can speak with a financial counselor, a nonprofit organization, or even government agencies.

The causes of personal debt can vary from person to person, but some of the most common causes include:

- **Impulsive purchases:** Impulsive buying can quickly lead to debt. It's important to plan before purchasing something and make sure it can be paid for.
- **Unexpected events:** Unexpected events, such as job loss or illness, can make it difficult to keep up with debt payments.
- **Poor financial management:** Poor financial management can lead to the accumulation of debt. It's important to create a budget and stick to it.

Impulse Purchases

Impulse purchases are purchases made without considering the financial consequences. They can be driven by a variety of factors, such as the desire to have something new, the urge to buy, or pressure from friends or family.

Impulse purchases can be especially dangerous when made with credit cards. Credit cards often carry high interest rates, which can cause debt to grow quickly.

Unexpected Events

Unexpected events, such as job loss or illness, can make it difficult to keep up with debt payments. If you lose your job, you may not be able to pay your student loans, mortgage, or rent. If you get sick, you may face unexpected medical expenses.

Poor Financial Management

Poor financial management can lead to the accumulation of debt. If you don't know how much money you have or where you're spending it, you are more likely to overspend and fall into debt.

It's important to create a budget and stick to it. A budget will help you see how

much money you have and where it's going. This will help you identify areas where you can cut expenses and save money.

Other Causes of Personal Debt

Other causes of personal debt may include:

- **Education:** Student loans are a common way to finance higher education. They can be very expensive and may take many years to pay off.
- **Housing:** Mortgages are a common way to finance the purchase of a home. They are usually very large and can take many years to repay.
- **Automobiles:** Auto loans are a common way to finance the purchase of a car. They can be costly and often carry high interest rates.
- **Medical expenses:** Unexpected medical costs can be very expensive. If you don't have health insurance, you may need to go into debt to cover them.

If you are struggling with personal debt, it is important to seek help. There are many resources available to help you get out of debt, such as financial counselors, nonprofit organizations, and government programs.

Personal debt can have a number of negative consequences, including:

- **Financial problems:** Personal debt can make it difficult to save for the future, buy a house, or even find a job. If you are in debt, you may not have enough money to save for retirement, buy a home, or make an investment. It may also be harder to find a job, as some employers may be reluctant to hire someone with financial problems.
- **Stress and anxiety:** Personal debt can increase stress and anxiety. If you are worried about how you are going to pay your debts, it can be difficult to sleep, focus at work, or enjoy life. Stress and anxiety can also negatively impact your physical and mental health.
- **Legal problems:** In some cases, personal debt can lead to legal issues, such as wage garnishments or lawsuits. If you cannot pay your debts, a creditor may seize your property or take you to court.

If you are struggling with personal debt, it is important to seek help. There are many resources available to help you get out of debt, such as financial counselors, nonprofit organizations, and government programs.

Here are some tips to help reduce the impact of personal debt:

- **Create a budget and stick to it.** This will help you see how much money you have and where it is being spent.
- **Reduce your expenses.** There are many ways to do this, such as canceling subscriptions, cooking at home more often, or finding ways to save money on travel.
- **Increase your income.** You could look for a second job, ask for a raise, or find ways to generate passive income.
- **Seek help from a financial counselor.** A financial counselor can help you develop a plan to get out of debt.

**Getting out of personal debt
takes time and effort,
BUT IT IS POSSIBLE.**

Steps to Get Out of Debt



STEP 1: MAKE A BUDGET

The first step to getting out of personal debt is to create a budget. This will help you see how much money you have and where it is going.

To create a budget, you'll need to track all of your income and expenses over a period of time, such as a month or a quarter. Once you have this information, you'll be able to identify areas where you can cut costs.

There are many ways to create a budget. You can use a spreadsheet, a budgeting app, or simply a pen and paper.

Here are some tips for creating a budget:

- Be realistic about your income and expenses.
- Include all sources of income, even occasional earnings.
- Be specific about your expenses.
- Review your budget regularly and make adjustments as needed.

STEP 2: REDUCE YOUR EXPENSES

Once you have a budget, you can start reducing your expenses. There are many ways to do this, such as:

- Cancel subscriptions or services you don't use.
- Cook at home more often.
- Keep track of your spending to identify areas where you can cut back.
- Look for ways to save money on essentials like transportation, food, and housing.

STEP 3: INCREASE YOUR INCOME

If possible, try to increase your income. You could look for a second job, ask for a raise, or find ways to generate passive income.

Here are some tips to increase your income:

- Look for additional job opportunities.
- Ask your employer for a raise.
- Learn new skills that can help you earn more money.
- Invest in assets that generate income.

STEP 4: CHOOSE A REPAYMENT STRATEGY

There are several different debt repayment strategies you can use. Choose one that best fits your financial situation and goals.

The two most common debt repayment strategies are:

- **Avalanche Method:** Pay off the debt with the highest interest rate first. Once it's paid off, move to the debt with the next highest interest rate.
- **Snowball Method:** Pay off the debt with the smallest balance first. Once it's paid off, move to the debt with the next smallest balance.

Another strategy is a combination method, where you focus on paying off the debt with the highest interest rate first while continuing to make minimum payments on your other debts.

STEP 5: STAY MOTIVATED

Getting out of personal debt takes time and effort, but it is possible. Stay motivated by setting specific goals and deadlines, and by tracking your progress.

Here are some tips to stay motivated

- Set specific goals and deadlines.
- Track your progress.
- Celebrate your successes, no matter how small.
- Seek support from friends, family, or a financial counselor.

Getting out of personal debt can be a challenging experience, but it can also be very rewarding. By following these steps, you can achieve your goals and improve your financial health.

Debt Repayment Strategies

There are several different debt repayment strategies you can use. The strategy you choose will depend on your financial circumstances and your goals.

Avalanche Method

The avalanche method is a debt repayment strategy that focuses on paying off the debt with the highest interest rate first. This method can help you save money on interest in the long run.

To use the avalanche method, follow these steps:

1. Make a list of all your debts, including their interest rates.
2. Rank your debts from highest to lowest interest rate.
3. Make the largest possible payment toward the debt with the highest interest rate.
4. Once you've paid off that debt, move on to the one with the next highest interest rate

Snowball Method

The snowball method is a debt repayment strategy that focuses on paying off the debt with the smallest balance first. This method can help you gain momentum and motivation as you pay off your debts.

To use the snowball method, follow these steps:

1. Make a list of all your debts, including their balances.
2. Rank your debts from smallest to largest balance.
3. Make the largest possible payment toward the debt with the smallest balance.
4. Once you've paid off that debt, move on to the one with the next smallest balance.

Payment Strategies



Combination Method

The combination method is a debt repayment strategy that blends elements of the avalanche method and the snowball method. This approach can help you save money on interest while also gaining momentum to pay off your debts.

To use the combination method, follow these steps:

1. Make a list of all your debts, including their interest rates and balances.
2. Rank your debts from highest to lowest interest rate.
3. Make the largest possible payment toward the debt with the highest interest rate.
4. In addition to making minimum payments, make an extra payment toward the debt with the smallest balance.
5. Once you've paid off the debt with the highest interest rate, move on to the one with the next highest rate.

Advantages and Disadvantages of Each Strategy

Avalanche Method

Advantages:

- You can save money on interest in the long run.
- It is a straightforward strategy to follow.

Disadvantages:

- It may feel discouraging not to see quick wins if your highest-interest debt has a large balance.

Snowball Method

Advantages:

- You can build momentum and motivation by quickly eliminating smaller debts.
- It is an easy strategy to follow.

Disadvantages:

- You may end up paying more in interest over time compared to the avalanche method.

Combination Method**Advantages:**

- You can save money on interest in the long term while also gaining motivation from paying off smaller debts.
- It is a flexible strategy that can be adapted to your needs.

Disadvantages (of the Combination Method):

- It can be more difficult to follow than the avalanche or snowball methods.

The Best Strategy for You

The best debt repayment strategy for you will depend on your financial circumstances and goals.

- If you have debts with high interest rates, the avalanche method may be the best option for you.
- If you have debts with small balances, the snowball method may be the best option for you.
- And if you want to combine the benefits of both strategies, the combination method may be the best choice.

Financial Counselors

Financial counselors can help you develop a plan to get out of debt. They can assist you in evaluating your financial situation, creating a budget, and choosing a repayment strategy.

To find a financial counselor, you can search online or ask friends, family, or colleagues for recommendations. You can also consult the Financial Industry Regulatory Authority (FINRA).

Nonprofit Organizations

There are several nonprofit organizations that offer financial counseling and assistance to people with debt. These organizations can help you create a repayment plan, negotiate with creditors, and get support to overcome financial challenges.

To find a nonprofit organization that can help you, you can search online or check with the Consumer Financial Protection Bureau (CFPB).

Government Assistance

The federal government offers some programs to help people with debt, such as the Small Business Administration (SBA) and the Consumer Financial Protection Bureau (CFPB).

- The SBA offers loans to small businesses that can be used to pay off debts.
- The CFPB provides resources to help people understand their financial rights and responsibilities.

Additional Resources



Additional Resources

In addition to the resources mentioned above, there are other tools available to help you get out of debt. These resources may include books, articles, websites, and discussion forums.

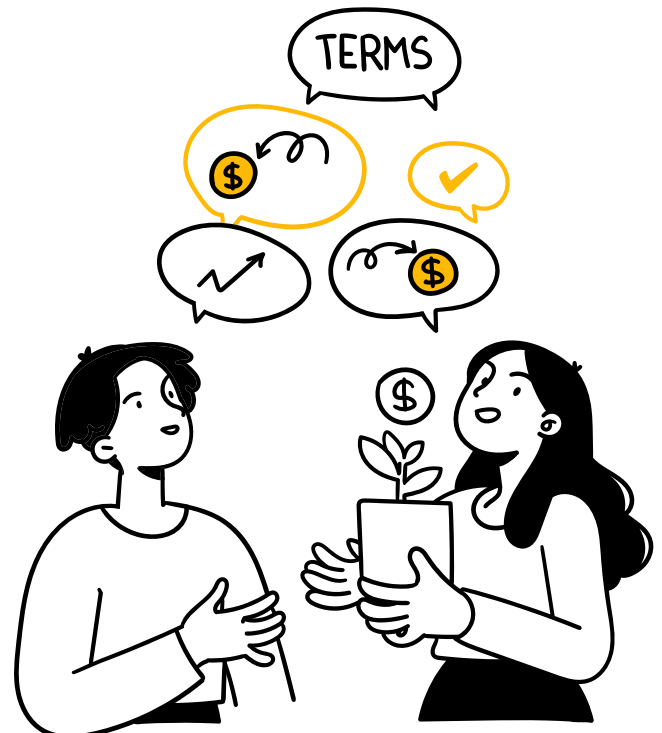
To find additional resources, you can search online or ask your local library. We also invite you to keep visiting tufuturofinanzas.com to discover more resources that can help you improve your financial situation.

Tips for Making the Most of Additional Resources

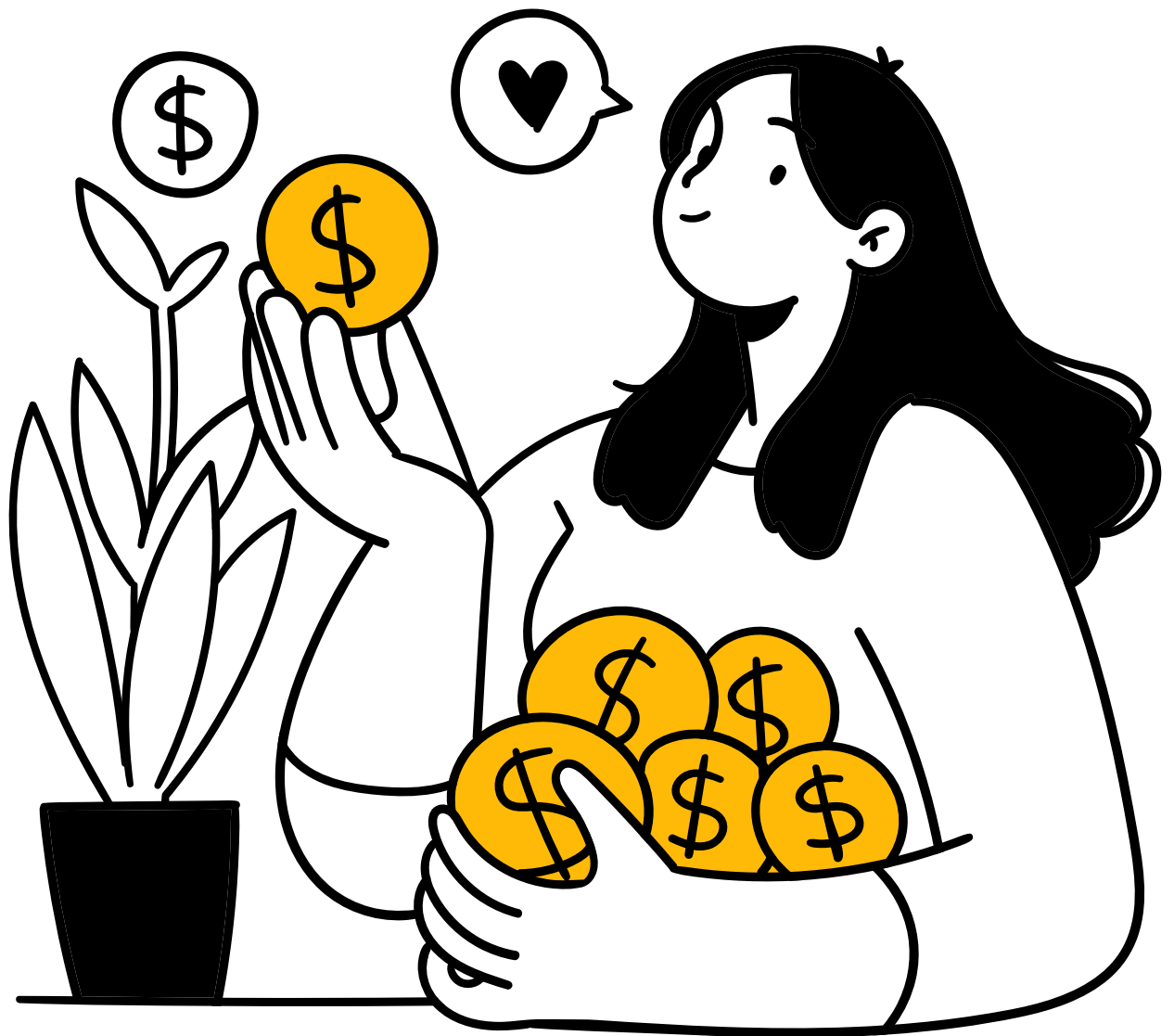
When seeking help to get out of debt, it's important to be proactive and do your homework. Take the time to research the different resources available and choose the ones that are best suited to your situation.

It's also important to be honest and open with financial counselors or others who are helping you. Share your complete financial situation so they can offer you the best possible advice.

Getting out of debt can be challenging, but it is possible with the right help.



Conclusion



Conclusion

Getting out of personal debt can be challenging, but it is possible with the right support. By following the steps described above, you can create a plan to get out of debt and improve your financial health.

Additional Tips

Here are some extra tips that can help you get out of personal debt:

- Be realistic about your goals. Don't aim to pay off all your debts overnight. Set small, achievable goals to help you stay motivated.
- Be patient. Getting out of debt takes time and effort. Don't be discouraged if you don't see immediate results.
- Don't give up. If you fall off track with your plan, don't get discouraged. Get back on course and keep going.



Success Stories

There are many success stories of people who have gotten out of personal debt. These stories can be a source of inspiration and motivation.

Here's one example of a success story:

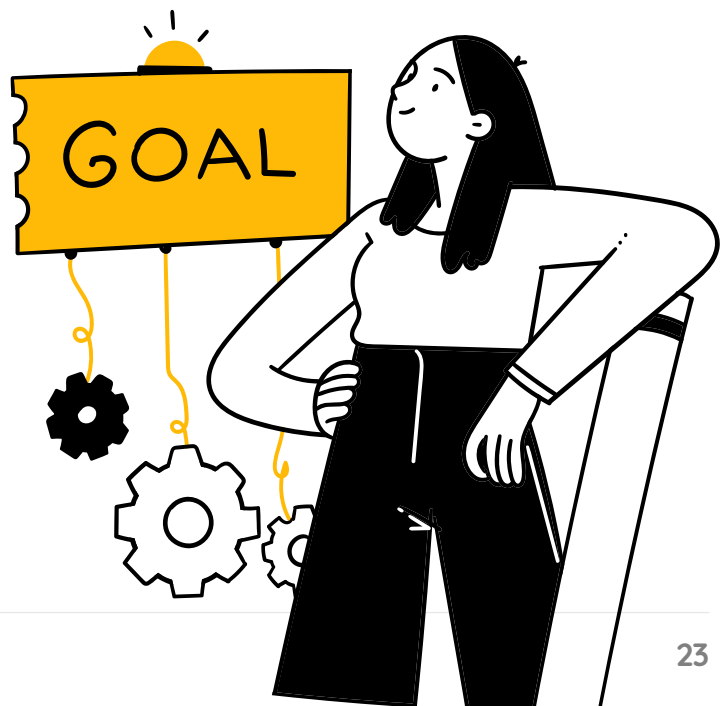
Cristina had \$50,000 in credit card debt. She was overwhelmed and didn't know how to get out of it. She decided to seek help from a financial counselor. The counselor helped her create a budget and choose a debt repayment strategy.

Cristina began paying off her debts using the avalanche method. She made the largest possible payment toward the debt with the highest interest rate. Once she paid that off, she moved on to the next one.

It took Cristina five years to pay off all her debts. It was a challenge, but she did it. Now she is debt-free and has a good credit history.

Success stories like this show that it is possible to get out of personal debt. If you are struggling with debt, don't give up. With the right help, you can reach your goals.

If you learned something valuable from this guide, please share it with your family and friends.



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