

# Debt Reduction game plan

The following 10 steps are a guide for your journey to become debt free. The steps are simple, but following them requires commitment and hard work. The goal is for you to become absolutely free of debt. Because of your particular circumstances, your path for getting out of debt will be unique to you.

## **1. Pray/Educate**

Ask for the Lord's help and guidance in becoming debt free. Then do your part and change your mindset on finances. Read the Book "Five Wealth Secrets 96% of us don't know" and if you still feel hungry read "Rich Dad Poor Dad"

In 2 Kings 4:1-7 a widow was threatened with losing her children to her creditor and she appealed to Elisha for help. Elisha instructed the widow to borrow many empty jars from her neighbors. The Lord supernaturally multiplied her only possession, a small quantity of oil, and as a result, all the jars were filled. She sold the oil and paid her debts to free her children.

The same God who provided supernaturally for the widow is interested in you becoming debt free as well.

## **2. Establish a written budget/ Game plan**

Use it!

A written budget can help you plan ahead and analyze your spending to help you see where there are areas you can cut back. It's an effective bridle on impulse spending.

## **3. List all your possessions.**

What can you sell to reduce your debt?

List everything you own – home, car furniture etc. Evaluate the list to determine if there are any assets you can live without and sell them. You may need to change your perspective on possessions. Think about what you are aiming to gain – a life that's debt free!

## **4. List all your liabilities.**

Establish a priority of debt reduction.

Many people don't know exactly what they owe. To do this you need to list your liabilities and include the interest rates that are being charged for each debt. As you analyze the interest rates for each debt, you will discover that credit costs vary greatly. Going through this process will also help you establish a priority of debt reduction.

## **5. Create a debt repayment schedule for each creditor.**

Nobody gets out of debt by accident.

You need to make systematic repayments and keep track of the process. Not only will this help you see what's working but it will also give you a sense of accomplishment as you watch the debt diminish. Decide which debts to pay off first and it should be decided based on these two factors – size and interest rate.

#### **6. Consider earning additional income.**

Many people hold jobs that simply do not produce enough income to meet their needs even if they spend wisely. Earn additional income without hurting your relationship with the Lord or with your family. If you are married, you may need to be creative and find ways the whole family can be involved, or find a job that brings the family together, rather than tearing it apart. The key is to commit to using that extra income to reducing debt.

#### **7. Accumulate no new debt!**

Pay for everything with cash.

Pay for everything with cash. Credit is dangerous. Statistics show that people spend more when they use credit cards. People don't tend to feel like they are spending their own money when they use credit, but the truth is they are spending their own money, plus some.

#### **8. Be content with what you have**

We live in a culture fueled by advertising. Research shows that the more television you watch, the more you spend. The more you look at magazines and catalogues, the more you spend. The more you shop, the more you spend. Limiting these influences, has many good benefits, curbing our spending being one of them.

#### **9. Consider a radical change in your lifestyle**

Some people have gotten out of debt by selling their home and moving to a smaller one or living with family. Many have down-sized their cars and others have temporarily lowered their cost of living until they become debt free.

#### **10. Do not give up!**

You might find hundreds of reasons why you should quit or delay your efforts to get out of debt. Don't give in to that temptation! Remember, getting out of debt is just plain hard work, but the freedom is worth the struggle.

Source: Your Money Counts by Howard Dayton with added info by Jeremy Haroldson