Seven steps to help change your mindset about your debt

Resolving your debt or other financial issues is more about changing your mindset than anything else. Building financial strength is much easier when you've shifted your mindset and made an honest decision to change your financial habits.

Below are seven steps to changing your financial mindset:

- **Awareness:** Your debt is a problem that is not going away unless you are completely aware of what you have gotten yourself into.
- **Positive intentions:** Setting clear and positive intentions will help you move forward and achieve success every day.
- **Acceptance:** Accepting your past to move forward into the future.
- **Responsibility:** Taking responsibility for your debt and realizing you're in control.
- **Releasing judgments:** Judging yourself for mistakes will not help you achieve your goals.
- **Plan:** Begin to formulate a plan.
- **Acknowledgment:** It is important to acknowledge yourself for

everything you are doing to achieve financial strength.

Step 1: Awareness

To truly resolve your debt issues and begin to achieve financial strength, you need to admit there is a problem. After all, how can you fix something that you do not realize is broken? Review the questions below to determine if you've truly faced your debt denial.

- **Do you avoid opening the mail?** Are you afraid that if you open the mail you will receive a collection letter or other bill that you do not want to deal with?
- **Are you unaware of your interest rates**? If you are unsure what your interest rates are, then you are probably unaware of how much credit card companies are charging you each month.
- **Do you avoid reviewing your statements each month?** People in denial often overlook their statements because they don't want to face the truth about their spending.
- **Are you embarrassed to talk about your debt?** People who feel shameful about their debt do not want to discuss it with others.
- **Are you unsure of how much you owe?** This is one of the most important questions. Most people who are in denial about their debt are unaware of how much they actually owe.
- **Do you feel guilty when you shop?** Oftentimes people in denial will feel guilt when they swipe their credit card. They know it's wrong, but they continue doing it. This is usually a sign that you've begun spiraling out of control.

If you answered yes to any of the questions above, then you might be in denial about your debt. Being in denial is very common for people who have spiraled out of control. An important first step in resolving your debt issues is to admit there is a problem. Admitting there is a problem allows you the opportunity to grow and begin changing your life. Often times this is a difficult step, but if you get through it you can begin repairing your past and focus on your future.

Step 2: Set positive intentions

The second step in resolving your debt is to set clear and positive intentions. An intention is essentially a purpose or reason behind something. In your case, it might be setting an intention to not incur more debt. For example, you can set an intention to take your lunch today, rather than going out to a restaurant. This is an intention that will help you achieve the goal of getting out of debt.

Another way to think of an intention is like a plan. Your intentions truly plan out your day. When you wake up in the morning, what are your intentions for the day? What do you intend to do, or not do? This is a very simple process that can bring many rewards to your life. Every day we choose our actions. Instead of thinking about what we're doing, we're usually just moving along. Setting clear and positive intentions allows you to plan out how you want your day to go. For example, if you moan and groan every Monday morning because you have to get up and go to work, you are setting an intention to have a bad day. Alternati vely, if you wake up and set an intention to have wonderful day, your day should go much smoother. This doesn't mean that bad things will never happen; it simply means that setting appropriate intentions will help you react to them in a much more productive way.

The main purpose behind setting clear and positive intentions is to provide you with focus and clarity. The intentions you set are to help guide you to your goals. While they will not guarantee certain events will always turn out the way you plan, intentions will provide you with purpose and can make you see your life in a completely new light.

Step 3: Acceptance

When we're children, our responsibilities are quite limited and as we mature into adults, we're faced with tons of responsibilities that we are not always prepared for. As wonderful as it is receiving a paycheck, it does not

feel the same when we are adults as it would have when we were children. Why doesn't money feel the same when we're adults? It's simple: because we must take responsibility for it. As children, we can spend all of it the moment we get it and it probably wouldn't matter. When we're adults, however, we sometimes need to think twice before making even the slightest purchase. With the list of responsibilities we have as adults comes something we often fear to admit: acceptance.

Solving your financial issues will force you to analyze how you got into the situation in the first place. Are you suffering from debt because you have a difficult time resisting the urge to buy a new pair of shoes when you're at the mall? Did you have a severe injury and accrue thousands of dollars in medical bills? Did you help a friend or family member at the risk of your own financial health suffering? Every situation is unique, but it's up to you to determine how your financial problems occurred.

Determining the root of our financial problems is not always as easy as it seems. For example, your immediate thought might be that you charged too much on your credit cards. While this may be true, why did you charge so much? If you dig even deeper, you might link your first credit card purchase back to a time when you lost your job ten years ago. From then on, maybe you continued to charge purchases and found it difficult to stop once your income started coming in again.

In order to truly accept your situation and begin to move forward, try to identify the cause of your financial issues. As you unfold these events, the healing process will become much easier.

Step 4: Taking responsibility

Whenever you're given a responsibility, no matter how big or small, you must be able to take ownership of, and accept, the final outcome. Your debt is your responsibility; therefore, you must take responsibility for it before you can effectively change. Although this sounds simple, it's often a step many people find to be the most difficult. Some blame credit card companies because of the excessively high interest rates. While you may have a high interest rate, it was ultimately you who charged on the card when you couldn't afford to pay it off. You may be an out of control spender who has a difficult time walking by the shoe department without buying a new pair. Or, maybe you had a severe medical issue that caused you to be thousands of dollars in debt. Instead of taking responsibility for your actions, do you blame the situations and people that you spent your money on?

Once you have completely accepted responsibility, you can more easily flourish into someone that can recognize their needs from their wants, someone who will ensure their financial priorities are taken care of, and someone who will learn how to budget and come out further ahead than those around you.

Accept responsibility so you can begin making the right choice for you and your family.

Step 5: Release your judgments

After you have accepted your financial situation and taken full responsibility for your actions, you must begin moving forward by letting yourself off the hook. The idea behind taking responsibility was not to make you feel bad about yourself, but to recognize your behaviors so that you can begin making positive changes.

Here are four things you can do immediately to stop beating yourself up and begin to move forward:

Study your thinking habits. Do you think you are a bad person because of the debt you have accrued? If so, try to change that way of thinking into something more positive. For example, remind yourself that you made poor spending decisions in the past, but you are now changing that behavior by taking control of your life again.

Remind yourself that you have already made changes. Joining Financial Strength Builder™ already proves how brave you have become. Think about the wonderful things you have begun doing in your life to help modify your past behaviors.

Keep your past experiences silent. The inner voice that tells you that you can't do something or that you are not good enough is often a voice from your past. For example, if you were a child who frequently felt alone and afraid, that child will often follow you throughout your life. It will remind you that you are not good enough and all of those other feelings you felt when you were that age. You must silence that inner voice by reminding yourself that you are not who you once were. Things are different now. This takes practice, but once you master it, you can grow into a much more productive person.

You will always have tomorrow. If you are having a bad day and are feeling completely hopeless, remember that you can always start fresh tomorrow. Often times a good night's sleep will do wonders for our mind, body, and attitude.

The bottom line is this: you got yourself into debt and now you're getting out. What's the point of judging yourself throughout this process? Instead, focus on how courageous you are for admitting your financial mistakes and now fixing them. This will be far more effective for you than beating yourself up.

Step 6: Develop your plan

In this step, we'll discuss how to formulate your plan of debt resolution. The purpose of creating your plan is to gain freedom to get out of debt, have money for things that truly matter to you, and gain the freedom to reach your goals. A high quality spending plan helps you meet long term goals (such as a child's college, retirement, a second home, etc.) and create a greater chance of achieving them. Your spending plan can include anything that you'd like to have, but for which you don't want to go into debt – such as a new car, home improvements, family vacation and more.

Before you can create a spending plan, you need to know exactly where you stand now. This means identifying every penny of your spending so you can make adjustments. To do this, you will need to create a spending log for the next one to four weeks. Ideally, you'll track the entire month (4 weeks) so that you'll record both the daily expenses and the "once a month" bills. The Financial Strength Builder™ website offers access to a number of tools, including the Financial Strength Score and The Frugality Game® to help you track your finances.

After you've collected a month's worth of data, compare this to your monthly net income. Chances are you'll discover that you are spending more than you thought, and probably in places you didn't realize! Now you can create your spending plan, see where you can make cuts, and see where you can save.

This spending plan you are creating will help you move ahead without the stress, frustration, and anger you may otherwise feel. You will have a solid plan that will keep you focused and on target to reach your goals.

Step 7: Acknowledgment

The seventh step in resolving your financial situation is to acknowledge all of the work you have done. Although you may still have results to achieve, you have already accomplished so much that you should be proud of. Too often we forget to acknowledge ourselves for the work we do. Instead, we feel that until we achieve our final goal, we can't stop to "pat ourselves on the back." The truth is that you should stop and acknowledge your hard work every so often. This will help keep you motivated and focused on your goals and make the process
much more
rewarding.