Six Practical Tips to Reduce Debt

Debt can be poison. Of course, you probably already knew that. When you're in debt, you're enslaved to your payments. Even when you have money, part of it is earmarked to pay what you owe. Doesn't it feel like you're being held hostage?

Even when you're ignoring the problem, the stress is still there—sitting in the back of your mind, knotting your stomach, and making it hard to sleep at night.

You don't have as much freedom. What if your life were clear of extra financial obligations? What could that change? How would that feel? Would you be able to sleep more soundly? Here are six practical tips that can help you reduce the burden of debt:

1: Understand Your Situation Using Your Financial Strength Score™

Many people try to avoid the truth about their finances. If you want to succeed, you can't afford to be one of them.

Having an accurate picture of everything that's happening with your finances is absolutely necessary to make an informed decision about what plan to choose (we'll list various options in the next step).

It's not enough to simply know your checking account balance and total bills. The real story goes much deeper. That's why we developed the Financial Strength Score™.

What is the Financial Strength Score™?

This comprehensive assessment tool looks at your income, expenses, assets, liabilities, and other lifestyle factors. It provides an easy to understand number that represents your unique financial strength.

We developed the Financial Strength Score™ to help consumers analyze and critique their current financial situation. Unlike your credit score (which only includes the parts of your finances that are visible to lenders), your Financial Strength Score™ addresses every aspect of your finances.

How Will This Help Me?

The Financial Strength Score™ report outlines your strengths and weaknesses, and provides specific recommendations to improve your financial situation. Getting your Financial Strength Score™ is the first step to creating a comprehensive plan to reach your long-term goals. Using it, you can learn ways to increase your ability to withstand financial challenges and take advantage of various opportunities.

By subscribing to Financial Strength Builder™, you have access to a custom Financial Strength Score™ report. Please review, and, if necessary, update your Financial Strength Score™.

2: Research Your Options

Once you have your Financial Strength Score™, it's time to explore various approaches to resolving debt. Some options include:

- Debt Snowball Method
- Debt Negotiation
- Debt Management (Credit Counseling)
- Debt Consolidation
- Bankruptcy

We encourage you to view the video on Debt Resolution options on this site.
The essential thing is to be honest with yourself and choose an option you can commit to and follow through on. No single choice is the best option for all situations. You need to look at the particulars of your finances, your time availability, willingness to deal with creditors, and how much you are willing to commit to resolving your debt.

3: Commit

Once you have chosen a program, commit to it. Resolving debt can be a long and arduous road, so you need a long-term mindset. Take out some paper and a pen. Write down why you're doing this and how you'll feel when the program is complete. Review this vision regularly during the coming months.
Remember, you've picked something you can do, so plan to follow through.
The first few months will be hard no matter what you do. Keep the goal in sight.

4: Eliminate One Debt At A Time

Here's the part that feels really good. When you finally pay off your first debt, rejoice! You now have positive proof that your plan is working. It might take longer than you expect to get to this point, so don't get discouraged. Keep working toward this significant milestone.

When you eliminate your first debt:

- DON'T go out and splurge on anything too expensive. DON'T interrupt your plan to eliminate the rest of your debts.
- DO celebrate and acknowledge the victory.
- DO allow yourself to feel a sense of accomplishment and closure; that debt no longer has control over your life!
- DO use this momentum to push forward to the next victory. Recommit in your efforts.
- DO allocate the money you were using to pay your first debt to one of your remaining debts.

Keep your eye on the prize, and you'll have more debts eliminated before you know it!

5: Push Forward to Completion

Now that you've had some success, don't stop!

Even if it takes you three to five years, remember, a few years is a small amount of time compared with the magnitude of the issue and the decades you'll be able to enjoy without extra debt.

6: Make Change Permanent with Financial Strength Builder™

Resolving debt without addressing spending and savings habits is like a doctor who treats the symptoms, but not the disease. At Financial Strength Builder™ we don't want you to repeat the same problem. We want you to be able to develop a solid foundation for the future. We want you to be able to live your dreams without the burden of excess debt or out of control spending. That is why we created the Financial Strength Builder™.

Resolving your debts is a huge step, and it's going to feel great. But to succeed, you must ACT!