

# MIND YOUR OWN BUSINESS RECOGNIZE YOUR DEBT

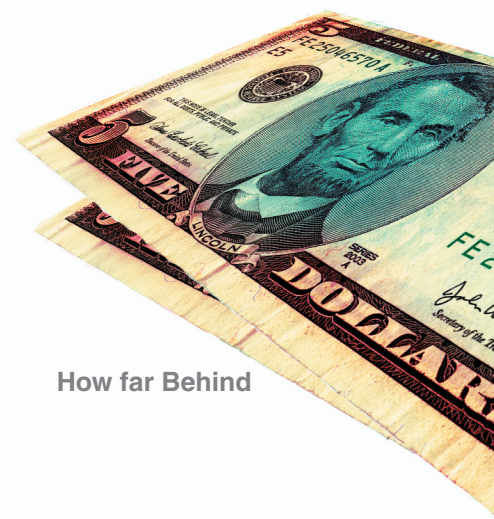
The first step in eliminating debt is to acknowledge it. This is the place to start. Use the spaces below to write down all of your debt. The “Debt Snowball” sheet follows so that you can make a plan to eliminate it.



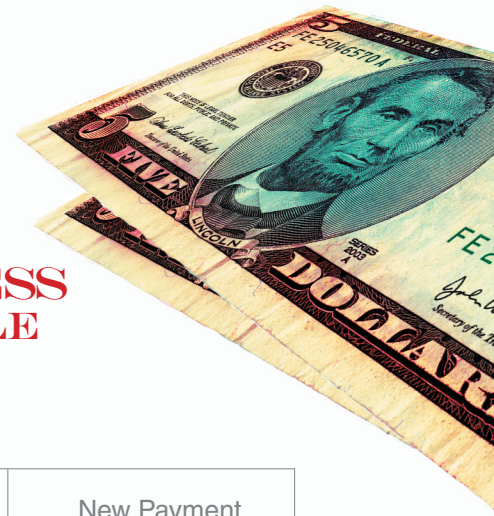
| Item             | Monthly Payment | Payoff Total | How far Behind |
|------------------|-----------------|--------------|----------------|
| HOUSING          |                 |              |                |
| First Mortgage   |                 |              |                |
| Second Mortgage  |                 |              |                |
| Repairs/Maint.   |                 |              |                |
| UTILITIES        |                 |              |                |
| Electricity      |                 |              |                |
| Water            |                 |              |                |
| Gas              |                 |              |                |
| Phone            |                 |              |                |
| Trash            |                 |              |                |
| Cable            |                 |              |                |
| TRANSPORTATION   |                 |              |                |
| Car Payment      |                 |              |                |
| Car Payment      |                 |              |                |
| *Gas & Oil       |                 |              |                |
| *Repairs & Tires |                 |              |                |
| MEDICAL/HEALTH   |                 |              |                |
| Doctor           |                 |              |                |
| Doctor           |                 |              |                |
| Dentist          |                 |              |                |

## RECOGNIZE YOUR DEBT (CONTINUED)

| Item                      | Monthly Payment | Payoff Total | How far Behind |
|---------------------------|-----------------|--------------|----------------|
| CREDIT CARDS              |                 |              |                |
| Credit Card               | _____           | _____        | _____          |
| Credit Card               | _____           | _____        | _____          |
| Credit Card               | _____           | _____        | _____          |
| Credit Card               | _____           | _____        | _____          |
| Credit Card               | _____           | _____        | _____          |
| OTHER LINES OF CREDIT     |                 |              |                |
| Other                     | _____           | _____        | _____          |
| Other                     | _____           | _____        | _____          |
| Other                     | _____           | _____        | _____          |
| Other                     | _____           | _____        | _____          |
| Other                     | _____           | _____        | _____          |
| DEBT TO FRIENDS OR FAMILY |                 |              |                |
| Other                     | _____           | _____        | _____          |
| Other                     | _____           | _____        | _____          |
| ALL OTHER DEBT            |                 |              |                |
| Other                     | _____           | _____        | _____          |
| Other                     | _____           | _____        | _____          |



## MIND YOUR OWN BUSINESS DEBT SNOWBALL EXAMPLE



| Debt           | Total Owed | Min. Payment | New Payment        |
|----------------|------------|--------------|--------------------|
| Sears (18%)    | \$450      | \$50         | $50 + 200 = 250$   |
| Dillards (18%) | \$650      | \$30         | $30 + 250 = 280$   |
| Parents (0%)   | \$1600     | \$200        | $200 + 280 = 480$  |
| Visa (18%)     | \$1800     | \$30         | $30 + 480 = 510$   |
| Car (10%)      | \$7000     | \$400        | $400 + 510 = 910$  |
| School (6%)    | \$9000     | \$200        | $200 + 910 = 1110$ |

- Payoff paying minimum payments = \_\_\_\_ months.
- Debt snowball payoff = \_\_\_\_ months. (Difference of 99 months)
- Additional \$1110 invested at 12% for 99 months = \$\_\_\_\_\_

## MIND YOUR OWN BUSINESS DEBT SNOWBALL FORM



List your debts in order from smallest to largest with the smallest payoff or balance first. Do not be concerned with interest rates or terms unless two debts have similar payoffs, then list the higher interest rate debt first. Paying the little debts off first shows you quick feedback, and you are more likely to stay with the plan.

Redo this sheet each time you payoff a debt so you can see how close you are getting to freedom. Keep the old sheets to wallpaper the bathroom in your new debt-free house.

The "New Payment" is found by adding all the payments on the debts listed above that item to the payment you are working on, so you have compounding payments which will get you out of debt very quickly.

"Payments Remaining" is the number of payments remaining on that debt when you get down the snowball to that item.

"Cumulative Payments" is the total payments needed, including the snowball, to payoff that item. In other words, this is your running total for "Payments Remaining."

### Count Down to Freedom !!

**Step One:** \$1000 Emergency Fund

**Step Two:** Pay off all debt using the debt snowball (except the house)

| Item | Total Payment | Minimum Payment | New Payment | Payment Remaining | Cumulative Payment |
|------|---------------|-----------------|-------------|-------------------|--------------------|
|      |               |                 |             |                   |                    |
|      |               |                 |             |                   |                    |
|      |               |                 |             |                   |                    |
|      |               |                 |             |                   |                    |
|      |               |                 |             |                   |                    |
|      |               |                 |             |                   |                    |
|      |               |                 |             |                   |                    |

**Step Three:** FINISH EMERGENCY FUND (3-6 months expenses in savings)

**Step Four:** Fund Retirement (15% into Roth and 401K)

**Step Five:** Fund College

**Step Six:** Then pay off house (pay off home early)

**Step Seven:** BUILD WEALTH!!! (Mutual Funds / Real Estate)