

Debt Free



Step 5 in Your Roadmap to
Financial Independence

In a world where personal debt is a common part of financial life through mortgages, student loans, and credit cards, managing what you owe is crucial to maintaining financial health.



If not handled wisely, debt can spiral out of control, casting a long shadow over your financial future. With the right strategy, you can take charge of your debt before it takes charge of you.

As you begin to focus on becoming debt-free, it's important to recognize the difference between **"good debt"** and **"bad debt."**

Mortgages are examples of **good debt** which represent an investment in your future and typically come with manageable interest rates.



Bad debt, such as credit cards, auto loans, and payday loans, can accumulate quickly and undermine your financial stability.



Steps to creating your debt-free strategy

1. Create a Spending Plan: Avoid new “bad debt” by crafting a realistic Spending Plan. Begin by tracking all your expenses for a month—this will illustrate where your money goes and help identify areas for cost-cutting.
2. Document Your Debt: List all your debts along with their associated interest rates and balances. This clear overview will be the foundation for your debt repayment strategy. Decide the total amount, in addition to your minimum payments, that you can realistically dedicate each month to reducing your debt without compromising other financial obligations.
3. Establish a Payoff Schedule: Do not find other places to spend those dollars. As you pay off one debt and “roll” that payment into the other debt, your payment will Snowball. This will dramatically accelerate your path to becoming debt-free.



REMEMBER!

1. Get control of your debt
before debt controls you
2. Understand the difference
between good and bad debt
3. Start today



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