



SOUTHERN
INDEPENDENT
BANK

Debt Reduction Strategies

The following tips are designed to help you reduce your debt quickly and economically.

1. **Create a Budget and Stick With It.** Your budget should include all of your current expenses. Request a copy of the Personal Budget Planner for more information on creating a budget.
2. **Don't Borrow Additional Money to Pay off Debts or Bills.**
3. **Cut Expenses.** Get this number by analyzing your budget and determining where reductions can be made (e.g., eating out, buying snacks and lunch at work, going to the movies, etc.). Once you have determined how much you plan to cut, use this "found" money to pay down the balances on your debts.
4. **Optimize Your Monthly Payment.** Pay the maximum amount towards your highest interest rate debts. Pay the minimum amount on all other debts.
5. **Ask for Reduced Interest Rates.** Some creditors, especially credit card companies, will reduce your interest rates if you just call and ask. If you receive offers for other credits cards with lower interest rates in the mail, use those offers as leverage when you are re-negotiating your rates with your current creditors.
6. **Set Goals and Priorities.** Determine what's important. When you prepare to buy something ask yourself if this purchase is in line with the priorities you have set and will it help you reach your goal or delay it.
7. **Develop your own debt reduction strategy.** Pay off the smaller balances first and see the number of accounts you owe shrink (debt snowballing). Or, pay off the highest interest rate first (debt avalanche). It's really up to you. Develop a strategy and stick to it.