

# DEBT REDUCTION PLANNING TOOL



Congratulations, you're taking the first step to reduce credit card debt! Your financial life can become easier by completing the worksheet below so that you'll have a plan for paying off the credit you owe.

- 1) Start the list with the credit cards you owe the most to the ones you owe the least.
- 2) Pay the minimum on all cards except the lowest balance. For your lowest balance, add \$50. Long term, always pay the monthly minimum payments until the balances are paid off (this may take a year or more).

CREDIT CARD	OWED/BALANCE	MINIMUM PAYMENT	EXTRA PAYMENT	TOTAL PAYMENT
Credit card				
Credit card				
Credit card				
Credit card				
Credit card				
Mortgage				
Car 1				
Car 2				
<b>TOTAL</b>				

- 3) Once the first credit card is paid off, add that extra \$50 to the credit card with the next lowest balance. Keep rolling all the payments forward to the credit card with the next lowest balance until they are all paid off. See the example here.

## EXAMPLE:

CREDIT CARD	OWED/BALANCE	MINIMUM PAYMENT	EXTRA PAYMENT	TOTAL PAYMENT
Credit card 1	\$1500	\$30	–	\$30
Credit card 2	\$400	\$10	\$50	\$60
<b>TOTAL</b>				<b>\$90</b>

All paid up? Now, create a **forced saving plan**. Take that monthly total you used to pay to the credit card companies, and pay yourself (into your INB savings account). You will be amazed how much you can save in a year. *Pat yourself on the back, you've done a great job!*



### Credit Repair Tip

You can get a free credit report from [www.annualcreditreport.com](http://www.annualcreditreport.com). If your credit score is below 650, you need to work to improve your credit score. Making all your credit card payments on time for 6 months in a row will improve your credit score. We recommend keeping a credit card with a zero balance open. This is very good for a strong credit rating. If you have a credit score of 740 or above, you have great credit!

The Debt Reduction Tool is simply a tool to provide basic information based upon the data you input, the results of which are for illustration purposes. The tool has been prepared without taking into account your objectives, financial situation or needs, and is not intended to be a substitute for professional financial advice. The tool cannot, and does not try to, predict any particular person's personal objectives, financial situation or needs. Your use of the tool is solely at your own risk. Neither INB nor its affiliates shall have any liability to you or any other party arising in any way for your use of, or inability to use, the Debt Reduction Tool. INB, to the maximum extent permitted by applicable law, makes no representations, warranties or conditions, express or implied.

