



101 WAYS TO DECREASE YOUR DEBT AND INCREASE YOUR CREDIT

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1. **Pay your bills first:** It's important to put the money aside to pay your bills as soon as you get paid. That way you will be sure to have enough money to pay them. Don't go out and buy things, not even groceries until you've put the money aside for your bills. Most of your day to day expenses are likely to have some flexibility in them, you can limit how much you spend on coffee a day or buy a less expensive cut of meat, but the power company wants all their money.
2. **Make your payments on time:** Every late payment can hurt you, and in more than one way. Many utility companies report your payments to the credit reporting agencies, so a history of late payments can hurt your credit score. It also costs you more if you pay late. Late fees may be small but when you're working on reducing debt, every dollar counts. Three dollars a month in late payment charges on three bills works out to over a hundred dollars a year.
3. **Write down what you spend:** Managing and paying down debt is all about taking control of your money. You can't control what you don't know, so it's important to keep a journal of how much you are spending and what you're spending it on. Do it before you make your budget and you'll be able to see what you really do spend money on, rather than guessing and coming up short because you forgot to account for something when you wrote up the budget.
4. **Know your credit report:** Your credit report is your scorecard in the fight against bad credit. If you don't know where you stand it's hard to move forward. Most countries let consumers see their reports for free at least once a year. Take advantage of this, you might find a debt on there that you already paid which wasn't reported to the agency. Reports of unpaid debts can really hurt your credit, so it's important to make sure those are accurate.
5. **Pay creditors who report to agencies first:** Some creditors report each payment you make to credit reporting agencies, while others only report information if they send your debt to an outside collection agency. If you have to postpone one of your bills past the due date, it's always better for your credit score (all else being equal) if you pay the one that reports regularly as it will have the biggest impact on your credit score.
6. **Pay your bills when you have the money; don't wait until the due dates:** A lot of people think the due date on a bill is the day you are supposed to pay it, not the day by which the creditor wants to have received the money. Paying bills as soon as you get paid removes the temptation to take some of the money back to spend on something else. Once it's gone, so is the temptation to take the money and spend it elsewhere.
7. **Ensure your creditors notify credit agencies when bills are paid:** If you do have unpaid bills, it's important not only to pay them but also to make sure those payments are reported to the credit agencies, otherwise those payments won't help repair your credit. Talk to the creditor about this, and if necessary don't hesitate to follow up with the credit reporting agency yourself.

8. **Always pay something:** Even if you can't pay all of your bills at one time, always make a payment of some kind on each bill. This not only shows your good faith to the creditor by proving that you are not ignoring the debt, but it also reduces the amount you'll have to pay when the next bill comes due. If one month is hard to pay now, two months will be harder to pay in future. Making partial payments helps reduce the effect of late payments piling up on each other.
9. **Make a budget:** Budgeting is an important part of controlling your money. It helps you see the big picture and gives you a plan with defined steps to focus on. It moves the what of reducing your debt and improving your credit into a plan of attack. Budgeting is the how of debt reduction, it's where you write down the plan you're going to follow to get your finances under control. You have to start somewhere, and budgeting is a good place to start.
10. **Save your pennies and other coins:** It's amazing how much money we carry around as loose change in our pockets, and it's money we often don't think of as money. Half the time it gets spent on a candy bar because we're bored rather than anything one needs. Turn it into an asset by dumping your change into a jar every night once you get home. It's amazing how fast it will add up, and that's money that can be used for emergencies, or to pay down a debt that suddenly jumped to the top of the pile.
11. **Communicate with lenders:** This is one many debtors ignore. Your creditors only want your money, and most of them are more than happy to work with you so long as they get their money in the end. The catch is that you have to keep them in the loop. Telling them what's going on and offering payment plans helps convince them that you're not planning to default on the debt. Yes they want their money, but that doesn't mean you have to put them in an adversarial role.
12. **Know your rights:** Both debtors and creditors have rights, but creditors are usually much more aware of their rights than debtors are. Knowing your rights gives you as a debtor a way to deflect harassing collection calls and a measure of control in the situation. It also lets you tell when an overzealous collection agent is making threats they can't back up.
13. **Set goals:** Every task needs milestones, something to let you feel you're progressing and prevent the enormity of the situation from becoming overwhelming. Repairing your credit and reducing debt is no different. Setting manageable goals like paying off one credit card within a year will help keep you focused and moving forward on debt reduction. If you're looking to build credit, getting a credit card within a year is a good goal. It doesn't matter what the goal is so much as making sure it's attainable and working towards it.
14. **Leave some money for extras:** No matter how much debt you're carrying, always make sure to put some money in the budget for extras and entertainment. Yes there are free alternatives to entertainment, but never having money for treats such as a five-shot Mocha, a night at the movies or a new book or CD is sure to frustrate you and get you off

your budget. Put in some money, not a lot, but enough so that you can treat yourself on occasion and it will be a lot easier to stay on your budget.

15. **Pay cash:** Don't buy things with the swipe of a card if you can avoid it. Pay cash before using debit or credit. The thing about debit and credit payments is that the expenditure is invisible so you don't really notice how much you're spending. If you pay cash you have a much better feel for how much money you are spending which lets you keep more control of your money.
16. **It's not a good deal if it's more than you can afford:** How many times have you gone into a store and seen a ten-pound bag of something at only twice the price of the two-pound bag? It may be a great deal, but it's not always a good buy. Remember, you're still spending more money, and that has to come from somewhere. Also, if you're not going to use it all before it goes bad you might find you've bought ten pounds and thrown away eight-- and then you're wasting money. Buy based on your needs, not just how good the deal looks.
17. **Pay off high rate cards first:** If you've got two credit cards that you need to pay off, take the one with the higher interest rate and pay it off first while making the minimum payment on the other card. Interest is lost money, so the faster you pay off the card with the higher interest the more debt you're losing for the same amount of money spent. Even a 2% difference in credit card interest rates can make a huge difference.
18. **Consolidate your loans:** Loan consolidation is a great tool if you have access to it. If you can get all your debts combined into one monthly payment you'll often find you're paying everything off much sooner. Not only will a bank often give you a lower interest rate than credit cards, which means more of your money is going to reduce the debt rather than just service it, but making a single payment is usually cheaper than writing out half a dozen checks every month.
19. **Cut up your credit cards:** An important part of getting out of debt is making sure you don't incur more debt, and this is where cutting up your credit cards comes in. You can't cancel the account before you pay it off, but cutting up the card makes you that much less able to use it, especially if the CVN on the back isn't on your statement. Then you won't even be able to use it online. Part of taking control is reducing temptation.
20. **Ask to have your credit limit lowered:** Credit cards are useful to have, but it's important to stay out of trouble when using them. One way to keep control of your credit card spending is to keep a low limit like \$500 on the card to make it that much harder to get into trouble. If you get a card with a high limit and are concerned you'll run it up and not be able to pay, call the company and see if you can get the limit lowered to something you can keep ahead of.
21. **Watch out for introductory rates:** Lots of credit cards hit you with this one. They'll advertise an absolutely fantastic interest rate for the first six months or year, then hit you with a massive rate increase that will send your payments skyrocketing. The introductory rate doesn't matter at all, what matters is the rate you'll be paying over the long term.

22. **Store cards are easier to get:** It can often be easier to get a department store credit card than a major credit card, especially if you have little or no credit history. This can be a real help for people trying to build an initial credit history. Get a store card and use it for a while before applying for a major credit card.
23. **Get a secured card:** If you have a really poor credit score and want to improve it, one option is to get a secured credit card. While it may look like a prepaid card, a secured card is different. With a secured card you send the provider money and they then open a line of credit equal to your deposit. Because they are extending you credit, even though it's secured by your deposit, it counts toward your credit score.
24. **Prepaid cards don't help your credit rating:** The only reason to get a prepaid card is to gain access to the credit card payment systems. Because they're debit and not credit cards they do nothing to repair your credit. However they do give you the ability to buy online at places that require a major credit card. However, if you have enough money to make the minimum deposit, get a secured card instead. It will affect your credit.
25. **Bankruptcy doesn't solve all debts:** There's a common misconception that bankruptcy is like a get out of debt free card. Unfortunately it doesn't always work that way. Bankrupts can still be liable for some debts, including taxes, child support and mechanics' liens. It provides relief from the worst pressures of debt, but does not eliminate it completely.
26. **Make deals when you can:** Collection agencies buy your debts at less than face value, and then try to collect more. If you have money available, sometimes you can make a deal with the collection agency to accept less than the total outstanding as payment in full. It doesn't always work, but if you have some money, give it a try.
27. **Use a prepaid cell phone:** There are a few factors that make a prepaid cell phone a good idea when you're working on reducing your debt. The biggest one is not that it's cheaper than a regular post-paid plan, but rather that with prepaid you won't get the sudden large bills from going over your minutes that can wreck your budget and send bills spiralling out of control.
28. **Keep your word when making arrangements:** If you have to make arrangements to pay a bill rather than paying on time, you need to make sure they're ones you can keep. Often if you do renege on a partial payment arrangement the creditor might demand the full amount due immediately. Even if they don't you may be unable to make further deals with the same creditors if you need to.
29. **Credit counselors can make things worse in the short run:** If you do go to a credit counselor for assistance, they will often recommend that you cut off all contact with your creditors and go through them for all communications and payments. While this may sound like a good idea, it's important to be aware your credit rating may take a hit because of the missed payments this strategy will cause.

30. **Avoid the payday loan trap:** Payday loans are a quick fix and a bad idea. The U.S. Government has just passed a law making it illegal to loan money to serving members and their families at more than 36%. Most payday loan stores charge more than ten times that much, giving you \$500 for a \$575 check. That's \$150 a month in interest if you can't pay it off.
31. **Pay down payday loans in steps:** If you do have payday loans, don't try to break yourself by going cold turkey. Most people who use these services can't afford to pay all the money back on one paycheck. Instead, write a slightly smaller check each time. If you borrow \$500 one paycheck, try to limit yourself to \$450 on the next one. It's slow, but you want to get out from under that nearly 400% annual interest any way you can.
32. **Lenders who advertise for bad risks have higher rates:** It's simple economics, people with bad credit are more likely to default, so lenders have to charge more interest to make up for the money from the loans that won't get paid back. So be aware that if you're buying a car from someone who says anyone who has a job has credit you will be paying more than you would otherwise.
33. **Don't get too many credit cards:** Getting more credit cards is a sure-fire way to get further into the debt trap. If one lender will give you \$3500 in credit based on your income, and you get the same from another lender you know have the potential for \$7000 in consumer debt, an amount neither company would have extended. Multiple credit cards sound like a good way to get more credit, but what they really are is a way to make more interest payments.
34. **Deals that seem like an easy way out of debt usually aren't:** This one should be self-evident; businesses are rarely in business to enrich anyone other than their stockholders. The typical move is to offer to convert your consumer debt to a loan against your home equity. While it sounds good in principle, it not only frees up your credit cards to generate more debt (and more interest payments) but also gives the new creditor a lien on your house. Be careful when considering these deals.
35. **Don't co-sign for anyone:** It's simple enough; anyone who wants you to co-sign for them has worse credit than you do. In fact they've usually got a history of not paying loans back, and that means if you co-sign you're the one who's going to be paying it back. One co-signing agreement can cost you all the credit you've worked so hard to build up.
36. **Keep friendship separate from finances:** Nothing comes between friends faster than money and if you do lend a friend a large sum of money and they can't pay it back, you rarely have any recourse. This doesn't mean don't spot a friend \$10 towards pizza, but never lend a friend anything that you can't afford to lose. They'll probably pay you back \$10, and if they don't it won't break you.
37. **Don't take extra money when you go out:** If you're going out for the evening, don't take any more money than you plan on spending, because chances are you will spend everything you take with you. Once people start drinking, they tend to forget what else

the money they have is supposed to be used for. Do yourself a favor and leave the grocery money at home.

38. **Don't take your bank card when you go out:** This is even more dangerous than taking extra money. Having the bank card means you can spend all the money you have, at least up to the daily withdrawal limit, and that's often enough to really wreck your budget. Now it's not something that will happen every time someone goes out. But it can happen and this is one of those cases where the cost is high enough that even a small risk isn't worth taking.
39. **Budget for emergencies:** You will have expenses you didn't think of when you made up your budget. Car repairs, something for the kids, suddenly discovering you need the septic tank pumped; something will always come up. The only way to deal with it is to expect it, and once you expect it, make sure you have money put aside to cover it. It may not be possible to have enough to cover everything, but even having half the money set aside can help.
40. **Save something, no matter how little:** Saving is a lot like budgeting for emergencies, but with one major difference. You're expecting to spend your emergency budget, you just don't know when. Your savings are there to cover something like retirement, a down payment on a house, or some other future expenditure. It's money you don't expect to spend this year on anything. If you find yourself dipping into your savings every month, you're not saving and you need to re-evaluate your budget.
41. **Use multiple bank accounts:** It's really hard to manage your money if you keep it all in one account. A good plan is to have one account for saving, one for your day to day spending, and one for your bills. If you can possibly manage it, set the savings account up so you can't withdraw money with your bank card. Use the bill account for writing checks, and also for any automatic withdrawals you have set up. Then the third account is the one you use for things like buying gas and groceries. This way any withdrawals you make won't come out of the money you've set aside for bills. It's all about taking control of your money and making it hard to make mistakes.
42. **Manage your money online:** Online banking is something else you should consider seriously. It lets you see what's happening with your money in real time, and also transfer money from one account to another. If you can set it up for online bill payments and direct deposit, so much the better; as soon as your money comes in you pay your bills, move money over to savings and put the rest where you can get at it. You can also download your records to an accounting program as well which will save you time when you do your taxes.
43. **Save your receipts:** Keep your receipts for every major purchase or payment; you never know when they may come in handy. It's a lot easier to convince a credit reporting agency that you really did pay off that bill if you can fax them the receipt from the creditor proving they have received payment.

44. **Consider Layaway:** If you really need to buy something expensive and either don't have credit or don't want to pay high interest rates, look into buying something on layaway. Yes you have to wait for what you're buying, but layaway is usually both more flexible and cheaper than buying something on credit, especially if the alternative is something like rent-to-own.
45. **Check local laws:** Different places have different laws, and some of those laws can come back to bite you if you're not careful. Some jurisdictions charge property taxes on vehicles, and can take your car if you don't pay. They may also impose a license fee, which usually has to be paid first, before they will accept money for the taxes. These are small debts that can have a big impact if you don't pay them on time.
46. **Watch for hidden fees:** This could also be written as read the fine print, but either way it's important. Some agreements may have additional charges tacked on in the fine print, whether for paying the debt off early or for specific methods of payment. One company may outsource online bill payments to a third party who charges you to take your payment. These charges may be small, but taken together they can add up. Don't make a payment unless you know exactly where and how the money will be applied.
47. **Get overdraft on your bank account if you can:** One form of credit that's good to have is overdraft protection, though it's important not to use it unless you have to, like any other form of credit. The big advantage of overdraft is that it can prevent the bounced check cascade which can cost hundreds of dollars if one's not careful. Most banks only charge a nominal fee, in many cases only on months when you use it.
48. **Don't write checks before the money comes in:** This one should be common sense but for too many people it's not. It's a game where the stakes are rarely worth the price. If the money doesn't come in on time the checks may bounce. The problem is that not only do bounced checks cost you lots in fees, but they also affect your credit rating. The only way to get a perfect credit rating is to never bounce a check.
49. **Watch out for cascading bounce fees:** The world being the way it is, if you write several small checks and one large check, and it turns out you don't have quite enough money to cover them, the first check to go through will always be the largest check, and it will make all the others bounce, even if the others were written first. Always make sure your account can cover every check you write or they will hit the bank in the most painful way possible. Banks make money on fees, expect them to maximize their income.
50. **Only one person can be in charge of the money:** This one's fairly simple, but easy to get caught on. A sure fire way to bounce a check is for one spouse to withdraw money the other was counting on to cover a check. The only way to prevent it is to make sure that one person is in charge of the money, and the other doesn't take money out beyond a certain point without checking with the first. It's just another way of keeping control of your money. It doesn't matter which spouse has control, only that one does and they both work together. Also, this doesn't mean one gives the other an allowance or makes all the financial decisions. It only means that once the decisions have been made, one person is keeping an eye on things.

51. **Don't max out your credit cards:** If you have to carry a balance on your credit card, always leave a cushion rather than maxing it out. That way your fees and interest charges are less likely to push your card over the limit and into penalty territory. Those are charges that do nothing for you but lock out your card and drain your bank account. You don't want to go there if you can afford it.
52. **Pay the card off in full every month:** If at all possible, it's a good idea to pay your card off completely every month so that you can avoid paying interest. Many cards don't charge a cent in interest if you don't carry a balance; that can make a no annual fee credit card effectively free. Remember, interest is the enemy. Always arrange things to keep interest as low as possible.
53. **Close out credit accounts you no longer use:** This one's good if you're either building credit for the first time or rebuilding it. Quite often you may start with a higher interest credit card and then later on get a lower interest one from a different company. If you do, close the first one. Once you've got a major credit card there's no reason to keep that secured card or department store card you rarely use around. Close them down and control your bills.
54. **Look out for ATM fees:** Using an ATM other than your own banks can get you coming and going. Some of them charge additional withdrawal fees in addition to what your bank charges for using someone else's bank machine. If you have to use one of these machines, try to use it for larger withdrawals rather than smaller ones. With fees on both ends a \$20 withdrawal can cost as much as \$23 or more. But, since the fees are fixed, getting \$60 for \$63 is a much better deal.
55. **Know what you need:** Also, know what you want rather than need. A big part of budgeting is separating luxuries from necessities and focusing on buying the necessities over the luxuries. If you spend too much on what you want you won't have enough for the things you actually need. Always prioritize your needs before your wants.
56. **Don't use credit card cash advances:** While credit cards often give you a break on interest if you pay them off before the end of the month, the interest clock starts ticking the moment you take a cash advance. Add in the possibility of ATM fees and cash advances become prohibitively expensive.
57. **Know when to buy cheap and when to buy quality:** Most of the time spending extra to get quality products is a good idea. A \$60 pair of shoes will often not only fit better but last more than four times as long as a \$15 pair of shoes. This is true 90% of the time, but if it's for something you're only going to use once, you're probably better off getting the cheap pair. If it's essentially disposable, go for the cheap option.
58. **Avoid buying on impulse:** Impulse buying is great fun, you see something and you have to have it immediately. Unfortunately sometimes it's not what you thought it was, or it's available for half the price somewhere else. If you really want something take the time to

find it elsewhere and see how you're going to fit it into your budget. It's all about keeping control of your money and getting the most value for each dollar.

59. **Pay off debt before increasing savings:** If you've got a windfall of a thousand dollars, you're better off in the long term to use it to pay down your debt rather than to put it into savings. If that's credit card debt you're carrying, paying down that thousand dollars can save you two or three hundred dollars in interest alone over the course of a year. Paying off the debt early makes the money work harder for you.
60. **Do what you can yourself:** It always costs more to have someone else do something for you than to do it yourself. Learn to change your own oil if you don't already know. Know how to do basic repairs around the house. The more things you can do yourself the less you have to pay someone else to do, which will make your money go farther and let you apply more of it to paying down your debt.
61. **Learn to barter:** Just as you can save money by doing things yourself, you can also save money by doing things for neighbors, especially if they have skills or tools you lack. Maybe you can fix the neighbor's computer and they can work on your car? It doesn't really matter which skills you have so long as you can help each other and save both of you some money.
62. **Consider a second job:** It may be obvious, but if you need more money, one option is to do more work. Get a second job and use all the money to pay off debts. If you have the skills look online for work, there are a number of sites which let you apply for freelance work that you can do around your regular schedule.
63. **Maintenance is cheaper than repairs:** Regular oil changes, just to use one example, are much cheaper than engine work, so it makes sense to budget for regular maintenance. I know there's a tendency not to want to spend money when you're on a tight budget, but paying for regular maintenance costs less money in the long run, and you pay on your schedule, not whenever the vehicle breaks down. Effective debt reduction only works when you're in control of your money, and maintenance helps keep you in control.
64. **Payroll deductions are your friends:** If you're working on reducing your debt, see if you can get your payments taken directly off your regular paycheck. Not only does this guarantee that those bills get paid, which is a good thing, but you will be surprised how quickly you adjust to the change in your regular take-home. It's all about making it easier to pay down your debts and easier to stick with the plan.
65. **Have them deduct more for tax:** If you can get your employer to deduct a little extra money from each check, not a lot just even five or ten dollars it's worth doing. It provides insurance in case you're right on the edge between getting a return and having to pay, and if you do get another job the extra tax will help offset your earnings from that one. The other thing to remember is that doing this doesn't really cost you any money. Unless you owe the government money you'll get it back on your tax return.

66. **See if your employer offers deals or special offers with other merchants:** The key to both controlling your debt and rebuilding your credit is to take control of all aspects of your finances and always get the most value for your money. One way to do that is check to see whether your employer gives deals on products from some of their business partners. It never hurts to look and if you were going to buy the product anyway, the savings will help.
67. **Budget for Christmas and Holidays throughout the year:** The holiday season can really put a crimp in your budget, especially if you have kids. No matter how hard you try it's almost impossible to keep your spending inside your regular monthly budget. So don't try. Put a little money aside every month and use that as a cushion. You know you're going to be spending the money anyway, so why not break it down over the course of the year. In the long run you'll thank yourself and your kids can have a better holiday season that doesn't play hob with your carefully orchestrated payment plan.
68. **Divide all your payments up evenly for each check:** Most people use one check for rent and the other for bills. Since rent is usually higher, this means they've got spare money for half the month and things are tight the other half. There's a better option. Find out how much you're spending on bills and rent in total each month. Put half that amount into your bill-paying account each check. You get to pay all your bills on time and your finances stay on an even keel throughout the month.
69. **Don't rent to own:** Watch out for rent-to-own stores, they use sneaky tricks to hide the fact you're paying a lot more than the item's worth. They advertise the weekly price, but most people pay monthly, so that \$19.99 a week comes to over \$80 a month before they add taxes and insurance. Over a standard 24-month term that \$600 stereo at the box store ends up costing you over \$2000. It may help your credit if you pay on time every month, but the price of the loan isn't worth it.
70. **Remember free, and cheap, entertainment options:** Go for a walk in the park. Lots of towns offer various options that can help stretch your family's entertainment dollar. Take the kids to feed the ducks, maybe there's a free concert. You never know what you can find until you look, and every dollar you save is going to help.
71. **Apply for reduced lunches at school for your kids:** If you're working on either rebuilding your credit or reducing debt, you probably don't have a lot of money. If you qualify you not only save by paying less for your children's lunches at school, but it will also lower your grocery bills. The less you have to spend on food, the easier it is to stick to your budget.
72. **Pay your parking tickets now:** Parking tickets add up. They often start low, but if you don't pay them in the first week or two, they start to increase, often dramatically. A ticket can be as little as \$5 to \$15 if you pay it in the first week or ten days, rising to \$50 or \$75 if it's not paid in a month. With rates like these there's a big benefit to paying your tickets before they become expensive.

73. **Check for Benefits:** Are you eligible for Food Stamps? What about WIC? Most importantly, do you know the answers to those questions? There are a number of programs that benefit low income families, and there's no reason you shouldn't be taking advantage of them. Take the time to go through the literature or websites and see what you can find. You may be eligible for benefits that will let you stretch your money that much further. Remember, the better you're living on your budget the easier your repayment plan will be.
74. **Take advantage of no-interest offers the smart way:** Every year you see them, ads for furniture saying no money down and no payments or interest for twelve months. They can be a great deal, or if approached the wrong way they can be a terrible deal. If you do qualify, by all means take advantage. The trick to these is to ignore the no payment part. Start paying immediately, and pay as much as you can as fast as you can. If you get it paid off in that first year you didn't pay any interest, and that can save you hundreds of dollars on an expensive purchase.
75. **Buy Online:** Whenever possible, try not to buy before you've taken a look at prices online. While there is often a delay, and you do have to watch out for shipping costs, there are definite advantages to buying online. Unless the merchant is local, you normally won't have to pay sales tax, and depending on where you buy, you may be able to get free shipping.
76. **Small numbers add up:** When you're looking at your budget, one thing you need to pay attention to is how small expenses add up. Let's say you normally buy a large coffee and a muffin when you get to work and another coffee for the trip home. If the coffees cost \$1.50 each, and the muffin \$2 that adds up to \$100 a month that you are spending. Coffee and a muffin doesn't sound like much, but every dollar you spend adds to the total.
77. **Don't sign up for things you don't need:** One of the quickest ways to drain your budget is with regular monthly fees. They can be anything from a gym membership to an online game subscription, but what they have in common is they all come out of your bank account every month without fail. If you're not going to use the service every month, don't sign up for it. Either pay a little more for the months you do use it, or go without. If subscriptions cost \$15 a month on a regular plan, or \$18 a month if you buy one at a time, you only need to miss using it for one month to wipe out the savings on a six month subscription.
78. **Use transit whenever possible:** If you have access to public transit, use it. Yes you are tied to the schedule, but most major cities have regular service and expensive parking. In many cities you can get a month's pass on the transit system for what you pay in two weeks for parking. Add in the fact it doesn't put wear and tear on your car, or burn gas and you're saving money pretty quickly. The less you have to spend, the easier it is to stay out of debt.
79. **Lower your car insurance by not using it for work:** Insurers base their rates on a number of factors, one of which is how much you use the vehicle. You can usually insure

a vehicle for pleasure use only, which is usually cheaper and will often let you take it to work about once a week for those occasions where you really need to.

80. **You can't rebuild credit without using credit:** It's one of those things, the way to get credit is to have a good credit report and you can't get a good credit report without giving the credit reporting agencies something to report. The trick is to use the credit wisely. Get a credit card and use it for something you're already doing like buying gas. Buy your gas with the card, pay it off each month and you'll build a good credit history without costing yourself any money you aren't already spending.
81. **Once something goes to collections the original creditor doesn't have it:** It's no secret that most people don't like collection agencies. Some people so dislike them that they won't deal with them and insist on going to their original creditor. The problem with this approach is that creditors generally sell your debt to the collection agencies, and once they've done that they no longer have the debt. It takes work for them to get it back, and they won't normally do that unless they have to fix an error on their part. Once the bill goes to collection, you normally have to deal with the agency, not your original creditor.
82. **Watch out for Title loans:** They're always on TV, walk into the store, hand over your car title, and drive away with money. What you don't see is the interest rate, or that they take a set of keys as well as the title. A loan of \$2000 can easily cost \$400 a month in interest, and if you don't pay, they can (and will) come in the middle of the night and take your car. Yes it's a way to get money, but it's expensive, and you can lose your car if you haven't budgeted for it. It's one debt you need to pay off quickly, and the only way to do that is to pay more than they ask each month. All they ask for is the interest, because the longer you keep paying, the happier they are.
83. **Pawnshops are for buying, not borrowing:** Don't go to a pawnshop if you need money, they rarely give more than about 10-15% of the value of an item on loan, and like all such instant credit sources, interest rates are high. You're better off either selling the item to them, or only going there if there's something you want to buy. In too many cases pawning rather than selling an item means you're going to end up without the item or the money. It's not worth it.
84. **Pay extra on high interest loans:** The higher your interest rate, the better off you are making extra payments. The thing to remember is that if you make an additional payment, or a larger payment, all the extra money comes straight off the principal, it doesn't get applied to the interest. That means that even if you only make one additional payment, every payment you make after that one will put more towards reducing the debt rather than just servicing it.
85. **Time heals some wounds:** Most states have a statute of limitations on some debts. This doesn't mean the debt goes away, but what it does mean is that once a certain time has passed they are no longer able to sue you to recover the money. If someone comes to you with a very old debt, don't do anything until you have checked if it's covered by the statute.

86. **Rent is lost money:** Every dollar you pay in rent is lost forever; every dollar you pay on a mortgage becomes equity. Even if you don't have stellar credit, look into buying rather than renting. You may qualify for a first-time homeowner's loan, which can make the difference. However, like with anything else, you need to check and understand the interest rate. Some lenders use teaser interest rates in the short term, which increase to well above par after one or two years. Taking one of those home loans could put you into foreclosure, and that's a heavy blow to your credit.
87. **Saving a dollar is earning a dollar:** It doesn't matter how it got there, but every dollar you have in your bank account is worth the same at the end of the month. If you can save \$50 by buying your groceries at the warehouse store instead of the supermarket it will have exactly the same effect on your finances as if you spent your usual amount at the grocery store and then someone handed you a check for \$50. The other thing to remember is that this only counts when you're dealing with something you would have bought anyway, such as groceries or gasoline. Don't buy something you hadn't already budgeted for just because it's on sale.
88. **Look for the buyout on rent-to-own:** If you do have something from a rent-to-own store, start looking for the buyout as soon as you can. In most cases the buyout price is roughly equivalent to half the total of all your remaining payments, so the sooner you can do the buyout, the more money you save. It's still going to be more expensive than buying from a box store would have been, but using the buyout can minimize your additional costs.
89. **Interest is never your friend:** Every dollar you pay in interest is like rent. It's money that's gone forever with nothing really left to show for it. Regardless of the circumstances you never want to pay a penny more in interest than you absolutely have to. Whenever possible pay as much principal as you can to reduce the portion of your payments that goes to interest.
90. **Debt settlement is not debt management:** Depending on your debt position, you may be able to make a settlement to clear some or all of your debts for less than face value. While it is a way to avoid bankruptcy, it's not without its costs. You not only have to get all your creditors to agree, but the difference between your outstanding debt and your settlement amount is classed as taxable income. Also, because all payments tend to go through the group negotiating the settlement, you aren't paying the bills directly and that can show up as missed payments on your credit report.
91. **Debt management groups that charge fees work for you:** This is a simple example of follow the money. Companies work for the people who pay them. If you go to a fee-charging debt managing group they work for you and will often try to get your debt reduced through a debt settlement plan as an alternative to bankruptcy.
92. **Free credit counselors work for the creditors:** Most non-profit free credit counselors are paid with a percentage of the money they collect for your creditors. Again, we follow the money. They have no incentive to try to reduce your total debt because that directly reduces their income. What they try to do is arrange payment plans at a lower interest

rate so more of what you're paying actually goes toward the debt. Be aware of the differences when looking for debt assistance.

93. **Find out which method of paying your bills is cheapest:** Companies want to get their money, so most of them offer several ways to pay. There's check by phone, credit or debit card, mail them a check or even take cash down to the local office. Many places now offer online payment too. Take the time to see which fees apply to which method of payment. Is it cheaper to mail a check, or to use your credit card at their website? Take the time to find out and use that method. Any money you need to spend just to make a payment is a net loss. Whenever possible minimize or eliminate these charges.
94. **Quit smoking:** Cigarettes are expensive, and the costs are much higher than just what you pay for the carton. You also pay more in health insurance, and your income may drop due to lost wages due to smoking related health concerns. It's also much easier to stick to a budget or anything else when you're in better health.
95. **You will have to pay those student loans:** When looking at debt repayment options and bankruptcy, pay particular attention to any student loans because most forms of debt relief do not apply to these debts. It's one of the reasons they are guaranteed, so students cannot graduate, declare bankruptcy and leave the government holding the bag for their education. There are ways to appeal, which can give relief for student loans, but they are difficult to qualify for.
96. **Pay your rent first, landlords look at credit reports:** Sad but true, if you have bad credit it's much harder to get a place to live. If you add eviction to a poor credit report it becomes doubly harder. Make sure to pay your rent on time every month. It's not worth the risk of eviction.
97. **Review your budget regularly:** Things change, and the budget that worked for you in June, may not work in December. You may have paid off one credit card, or perhaps you have a new bill. You need to make sure that your budget reflects your current needs and expenses. Keeping on top of your debts and rebuilding your credit requires that you know what's going on and be in control of your finances.
98. **Know the difference between secured and unsecured debt:** In its basic form, the difference is collateral. Unsecured debt is based on your credit report and previous payment history. Secured debt is based on something the lender can take from you if you don't pay. Many forms of credit available to people with poor credit histories are secured debt, such as automotive title loans. If you have to delay a payment on one bill or another, consider whether the loan is secured or not as well as the interest rate.
99. **Get minimum payment insurance on your credit card:** It's a sad fact that most people in North America today are living check to check, and with a high average debt load it's easy for a short period without employment to put someone in a situation it can take months or even years to recover from. This is why it pays to have payment insurance on your credit cards. If you do lose your job, the insurer will cover the minimum payments on your cards so your outstanding consumer debt doesn't go spiralling out of control.

100. **Always budget conservatively:** Round expenses up and income down. If you make \$1275 a check, budget as if your income is \$1250. Call your \$52 dollar monthly phone bill \$55 or \$60 instead. Consistently following this principle will give you a little cushion to cover unexpected charges such as a pay-per-view movie that your son watched one night when you weren't home. It's another way of keeping control by expecting things won't go exactly as predicted. The closer you are to the edge, the more likely you are to go over. Adding in little cushions by over-estimating expenses and under-estimating income keeps you just a little further from the edge.
101. **Know the effect of credit applications:** Be aware of the fact that each time a potential lender checks your credit your credit score takes a slight hit whether you are approved or not. Because of this it's important to pick your applications carefully. You don't want to apply to every offer that comes in the mail, because each one you don't get will put you a little further behind. Wait until you have got a history of paying your bills on time before applying, and then apply to only one lender at a time and wait before you do another application.

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