Financial well-being starts by managing your debt

5 steps to ease your financial burden

With the rising cost of living, it's not surprising that debt weighs heavily on most Americans. While everyone's circumstances are different, the good news is that there are steps you can take to create a debt repayment plan to ease your financial burden.

Assess where you're starting from: When listing out your debt expenses, take note of remaining balances, interest rates, and minimum payments. Bottom line: Every month, figure out how much money you have coming in and going out.

Consider the best repayment strategy: Tackle paying off the smallest debts first, then your larger debts. This is referred to as the snowball method. Another option is to tackle the highest interest rate first, which is the avalanche method. Whether you focus on the smallest debt or highest interest rate, consider how much more you can contribute over the minimum payment.

Work with a credit counselor or financial advisor: Check your employee assistance program to see what financial advising benefits are available to you. You can also connect with your bank or credit union to find out what they offer. Another option is to learn more about nonprofit financial counseling organizations or community services near you.

Consolidate or refinance your debt: If you have debt in a lot of different places, consolidating or refinancing your debt might be your best option. Work with a financial advisor to discuss your options, as they may be able to help you identify solutions that you aren't already aware of.

Track your debt repayment and spending: Tracking your spending will give you real-time information about your habits. It also puts you in a better position to manage your debt and contribute toward savings.

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