Dave Cohen:

Welcome to the SeaComm Podcast. Your place of the latest on what's happening at SeaComm and helpful tips on saving and protecting your money.

Hi everyone, Dave Cohen from SeaComm here, and today on SeaComm Money Matters we'll be discussing debt – and some easy things you can start doing today to pay it off. It can seem like an intimidating process, especially if you feel like you have a lot of it, but don't let that feeling prevent you from taking control of your money. There are plenty of things you can do now to lower your debt and make life a little easier. Here are some simple ways to get started on tackling your debt.

Create a budget. Having a written budget is a great tool for keeping track of your income and then everything you spend. This will be your roadmap and help you identify your needs versus your wants. The spending is where you should really pay the most attention. You may already know what bills you have each month, but what about those little things you pay for every so often? Maybe you pick up a cup of coffee each morning before work. That might be an extra $4 a day. It might not seem like a lot, but it adds up. $20 a week turns into $80 a month. That money could be going towards your debt. If you're being honest with yourself, you probably splurge on things like fast food or new clothes that you don't really need. A budget will show you where your money goes and gives you the ability to proactively target your debt.

Make more than the minimum payment on your credit cards and loans. While minimum payments are better than no payments at all, only making the minimum payments will lead to taking much longer to pay off – and cost you more money in the long run. This especially goes for a credit card with high interest rates. If it's within your budget, make a larger payment. The other option, if possible, is to make multiple payments each month. So, if your budget allows you to do so, increase your payments in some way. Remember that interest equals principal times rate times time. Increasing the amount you pay, even by a little, will decrease your time and lower the total interest you will pay.

Prioritize high interest debt. Since your credit card is most likely your debt with the highest interest rate, it's important to work on that first. The typical interest rate on a credit card is around 22%. Some are even higher, and that's a lot of extra money you'll be paying. Try to use your card less, or not at all, while you focus on paying the balance down. If you have a hard time stopping, take the card out of your wallet and put it in a safe place. Once you finish paying down your credit card debt, try using it only for items you have already budgeted for, like gas or groceries. Then, make sure to pay that balance off fully each month. Once you can do this – you'll find you won't have to stress when your credit card statement arrives. This will also keep your debt low, while continuing to build your credit and improve your score.

Put any bonus, raise, or tax refund to work, by using it to pay down your debt. A cash windfall like that can really affect your budget and make a big difference in your debt payments. Remember, we just talked about paying more than your minimum payment. Instead of making a big purchase you might not really need, consider your overall financial situation and use the money to pay off more debt.

Consider taking out a consolidation loan. A consolidation loan allows you to combine your outstanding balances into one convenient monthly payment. This creates a more reasonable period to pay off your debt, without feeling overwhelmed. Depending on the interest rates of your other loans, your new rate could even be lower and that means less money coming out of your pocket.

Thanks for listening to SeaComm Money Matters. I'm Dave Cohen from SeaComm.

Thank you for joining us for this edition of the SeaComm Podcast, we hope you'll listen in again.