

## Cheat Sheet for Staying Debt-Free

Maybe you are neck-deep in debt right now, or perhaps you recently managed to wipe the slate clean.

Either way, once debt is resolved, you want to do everything in your power to stay out of debt in the future.



**How can you keep from falling back into a spiral of debt? This cheat sheet will walk you through simple steps and tips to keep your finances in the black.**

### Square Away Existing Debts

First of all, if you are still drowning in debt, you are going to need to get debt-free before you can stay debt-free. Follow these steps to pay off your existing debts as quickly as possible:



1. Have any debts you can pay off in full? Consider doing so, especially if they carry high interest rates.



2. Consolidate and refinance your remaining debts at a lower interest rate if possible.



3. In some situations, you can transfer the balance from a high interest card to a new card with a low or no interest introductory rate.



4. Consider credit counselling.



5. If necessary, look into debt relief programs.

# Look for Ways to Cut Costs In Your Current Budget

Next, you are going to need to take a long, hard look at the money which is moving in and out of your accounts.

If your current lifestyle isn't financially sustainable, you will need to find a way to get your expenses back down below your income.

If your income is equal to or greater than your expenses, you will want to look for ways to widen that gap.

That way you can weather unexpected emergencies without going back in debt, and you can prepare for inflation.

## Here are some ideas:

- Replace expensive vehicles with cheaper, used models. You will save on car payments and insurance. Older cars sometimes run better too.

- Live in the city? Think about switching to public transit.

- Can't afford your housing? Consider downsizing or moving across town.

- You may be paying more than you need to for utilities. Call and ask if any promotions are available.

Sometimes new plans with lower rates may also be introduced.

- Do not overspend on heat. Use cool water for your dishes, and wash them by hand. Switch from central heating to a space heater. Live more frugally.

- Improve your home's energy efficiency with LED lights and other upgrades.

- Look for ways to reduce your grocery expenses, like cooking large meals and eating the leftovers for several days.

- Insurance too expensive? Check with an agent to see if a cheaper carrier and plan are available.

- Curb all unnecessary entertainment costs.

- Need to buy new clothes or household items? Stop by the thrift store.

## Follow These Tips Going Forward

Finally, here are some practices to follow to remain financially viable in the future.

- Only accept loan offers you can truly afford.

- Each time you use your credit card to pay for a purchase, pay it off right away.

- Work on stockpiling an emergency fund.

- Do not put yourself in debt for the sake of the holidays. Make gifts instead of purchasing them.

- If you are an impulse buyer, find ways to reduce your purchases. Some tips include paying with cash instead of plastic, and forcing yourself to wait at least 1 week before buying something you do not necessarily "need."

- Challenge yourself to pay out of pocket for your expenses (or cut those expenses) instead of relying on credit.

If you avoid giving yourself credit as a fall-back option, you will push yourself to find creative solutions to stay out of debt.

Escaping the cycle of debt isn't easy, so if you achieve it, you should give yourself a pat on the back. It is a great achievement.

Staying debt-free can be a challenge too, but it isn't nearly as hard as climbing out of debt. With these tips on your side, hopefully you can enjoy a healthy, profitable bottom line in the years ahead!