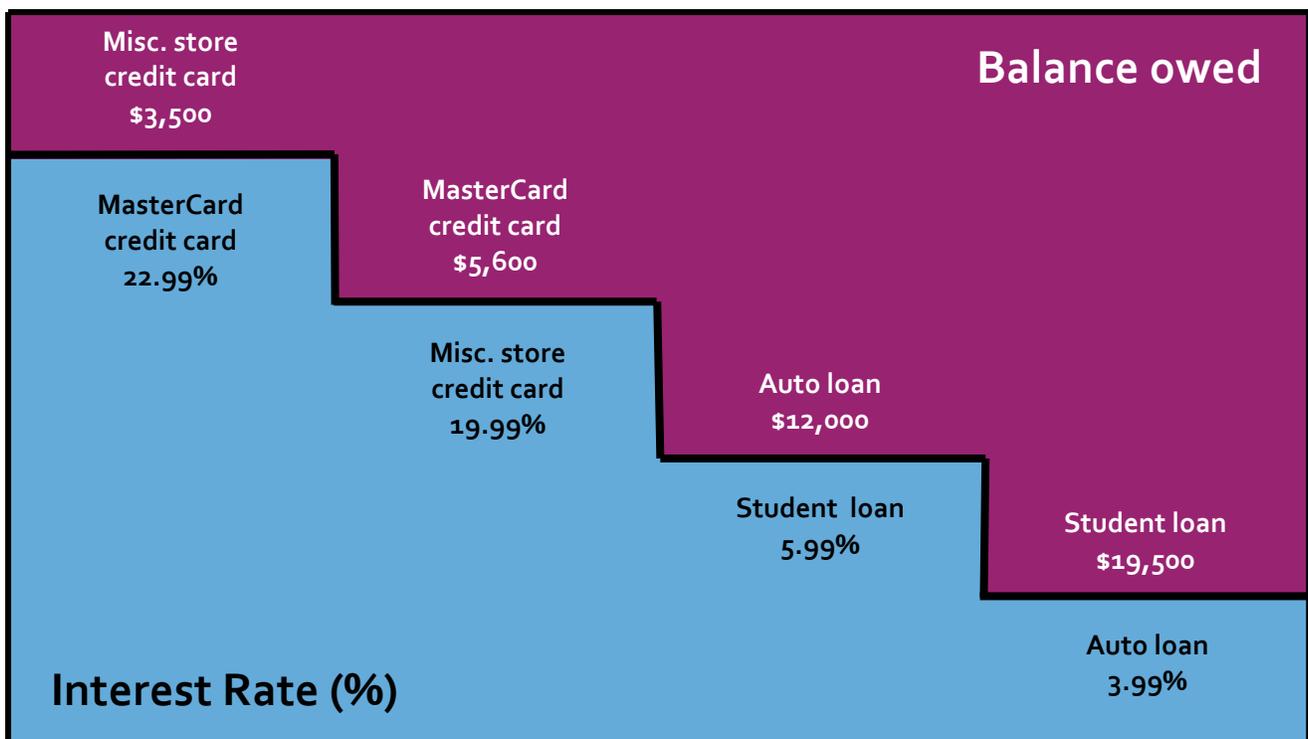


The “Step down” method.

Make debt-free living possible by using the “Step down” method to pay off consumer debt. The “Step down” method tackles debt by either the smallest amount owed or the highest interest rate. Both approaches have their merits. Evaluate which is best for you and will keep you on track. You can potentially save more money by paying off debts with the highest interest rate first or you can get rid of several debts in a short period of time by paying the smallest debts first.

Take a look at the examples below and then use the worksheet on the back to build a plan to tackle your debt. The first table below highlights both approaches in the Step down method. The second table gives an example of using the smallest amount owed approach to tackling debt.



Step down example.

| | Misc. store credit card | MasterCard | Auto loan | Student loan |
|--------|-------------------------|------------|-----------|--------------|
| Step 1 | 80 | 120 | 220 | 150 |
| Step 2 | Paid off | 200 | 220 | 150 |
| Step 3 | Paid off | Paid off | 420 | 150 |
| Step 4 | Paid off | Paid off | Paid off | 570 |

Use the provided Step down worksheet to complete the steps below.

Step 1. Make a list. List all the debts you want to pay off and include the balance owed, monthly payments, and interest rates.

Step 2. Write down your goal. Statistics show that you are 42% more likely to achieve your goals if you write them down. Use S.M.A.R.T. (specific, measurable, attainable, relevant, timely) goals to give yourself a clear path to achieving your goals. Set a goal to reduce or pay off your debts. Include specifics like how much you will pay and when you expect to pay it off and use debt payment calculators, if necessary, to help determine realistic goals. Try to pay more than the minimum payment. Any amount paid over the minimum will be applied directly to the original amount borrowed, thus speeding up the process. Use the Goals worksheet to help set your goals.

Step 3. Prioritize your debt. Use the last column to prioritize the debt you want to pay off.

Step down worksheet.

| Lender & loan type | Interest rate | Balance owed | Monthly payment | Priority rating |
|--------------------|---------------|--------------|-----------------|-----------------|
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Totally monthly payment toward debt _____



Goals worksheet.

Writing down your goals will help keep you focused on completing what you have set out to do. Be realistic and celebrate your wins. Set goals to be reached sooner than later, as well as, goals to achieve in the long term.

Goal:

Term: Short Medium Long

Goal:

Term: Short Medium Long