

Figuring Out How Much You Owe

The first step towards making a plan to pay off debt is to figure out what debts you have and how much you owe. Follow the steps below:

Step 1: Check your Credit Reports. The first step to figuring out what debts you have is to access your credit reports from the three major credit bureaus: Equifax, Experian, and TransUnion. You can get one free copy of the report every 12 months from each credit reporting company.

Generally, creditors report debt accounts to one or more of the bureaus, which add it to the credit reports they maintain. Your credit reports will contain information about credit cards, personal loans, mortgages, and more. Your credit report will list the amount owed on each account as well as its status, payment history, and creditor's contact information.

Visit: <https://www.annualcreditreport.com/index.action> to access your free credit reports.

Step 2: Gather Any Missing Information. It is possible some accounts won't appear on your credit report. Because of this, it is a good idea to gather all of your account statements to determine if any debts are missing, such as mortgage statements, student loan statements, credit card statements, and statements from personal and/or car loans. Make sure you have a statement from every lender you have borrowed money from.

Step 3: Compare: Add up the remaining balance on all of your statements. For example, if you owe \$500 on one credit card, \$300 on another, \$100,000 on your mortgage, and \$15,000 on your car, you would add up all of those numbers to arrive at the total amount of debt you owe. Compare this number with the total debt shown on your credit report. These numbers may not align exactly if you have recently made debt payments, since your credit report does not update instantly. However, the numbers should be close.

If you have debts on your credit report that you do not have statements for, contact the lender to verify the balance owed. If the listed debt on the credit report isn't yours, you will need to correct this error with both the lender and the credit bureau.