

**Title:**

Your Debt Free Plan for the New Year

**Word Count:**

619

**Summary:**

Unmanaged spending using credit cards are the number one root cause that drives most of people into credit card debt. If you are current in debt and thinking of having a debt free life in near future, you need to start to look into your debt seriously. This article will outline a few debt free steps which you can put in place in your New Year's plan.

**Keywords:**

debt relief, debt free, debt consolidation, debt settlement, financial plan, debt free life, debt

**Article Body:**

Unmanaged spending using credit cards are the number one root cause that drives most of people into credit card debt. If you are current in debt and thinking of having a debt free life in near future, you need to start to look into your debt seriously; steering clear of unwanted debt is a great way to manage your finances and relive the stress cause by debt. Here are some debt free steps which you can put in place as your New Year's plan:

**1. Change Your Spending Behavior**

You cannot become debt-free if you spend more than you earn. It's that simple! Financial stress relief is called "money in the bank" or "positive cash flow". You need to know where you money goes; this can be done by list down your regular and non-regular expenses. Think twice for any item which you plan to buy, ask yourself whether it is a need or an optional item.

**2. Have Your Budget Plan**

Make a budget plan for yourself and eliminate or at least reduce optional stuff such as entertainment, dinner at restaurant and luxury vacations. Plan your budget according to your financial capability and spend according to your budget. You will be able to achieve your debt free goal if you can plan for a positive cash flow, which means that you spend less than what you earn.

### **3. Pay Your Bills On Time, Every Time**

Managing monthly bills is an essential part of staying debt free and maintaining a good credit rating. If you find this difficult, come up with a system to ensure that bills are not paid late. For your current credit card debt, you may get help from finance experts such as credit counseling or debt consolidation services; they are widely experience in help people in debt management.

### **4. Set Your Financial Goals For Long-Term and Short-Term**

To change your spending behavior may be difficult, but if you set your financial goals, both for short- and long-term, it is easy to make the necessary spending cuts to get what you really want. So set your realistic financial goals for year 2007 and a few year down the road; and manage, control and cut unnecessary expenses so that your can achieve your financial goals.

### **5. Plan For Adequate Emergency Savings Fund**

You never know what will happen tomorrow, there may be some emergencies which will need a lump sum of money instantly, such as medical bill due to major illness and accidents; money to cover to income shortages such as temporary loss of job. Three to six months' worth of bare-bones living expenses should shield you from most of these problems. Make the savings your habit.

### **6. Learn to Invest Your Money**

Investing can make our money earn more money and keep you out of debt. Learn to invest with your money to grow it. There are many investment plans available in the market, range from insurance, to mutual fund, to stock market. Investment can make your grow your money; in contrary, it may cause you loss your money as well. Normally high gain investment will have higher risk than low profit investment. You need to understand your own risk profile and select the investment schema that meet your risk profile. You can start your learning by taking a class, find a referral to a great adviser or just start reading. Do it your way, but do it; and start now!

So, these are some tips for Your Debt Free Plan. Wish you have a Happy and "Debt Free" New Year.