

Title:

Confront Your Debts

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488

Summary:

The first stage of getting out of debt is to work out the size of your problem....to the nearest cent! If you don't know the true extent of your debt, you won't be able to do anything about it.

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Article Body:

The first stage of getting out of debt is to work out the size of your problem....to the nearest cent! If you don't know the true extent of your debt, you won't be able to do anything about it.

I want you to collect together every statement, account, bill and final reminder that you've got. Add together everything, and I mean EVERYTHING that you owe to other people. This includes, mortgage, rent, utility bills, property tax, the tax authorities, credit cards, store cards, overdrafts, personal loans, hire purchase, car loans, money borrowed from friends and family, other invoices, newspaper bills, even include money owed to the milkman!

Leave nothing out!

Write every amount down on one big piece of paper and then total them up. Find out how much you owe to the nearest cent. Accuracy is vital to focus your mind on the size of your problem. There's no place for thinking 'oh, it's around ninety-three thousand dollars'. That type of thought is all too easy to dismiss. At this stage you need pin point accuracy.

Note down the interest rate on each of your debts. This will show which of your debts are the most expensive in terms of interest charged. Remember to use the APR figure for each debt. In many countries, lenders have to tell you this rate. These figures will be useful later.

Now I realise that this might be extremely difficult for some of you. Facing up to the size of your debts can be a truly frightening experience, especially if

you've been hiding the extent of the problem from yourself.

But seriously, I need to make an important point here: What do you think will happen if you keep hiding from reality? Are you prepared to lose everything that you've ever worked for, and more besides? Are you ready for that unexpected knock at the door? It's the Bailiffs. They've come round for a chat...and your television!

Are you prepared to become bankrupt?

Because that's what could happen if you continue to bury your head in the sand!

This is not intended to frighten you. I only want to make you aware of the need to face your debt.

Nothing can be that bad. All financial problems can be solved. And the first step is to know how much you owe. So grab a piece of paper and write down the size of your debt to the nearest cent. Just disregard your fear and do it anyway!

On [date] I [name] owe a total of \$.....

There, that wasn't so bad, was it? You now have a figure to focus on.

The next task is to make sure that your debt doesn't get any bigger. Then it's time to start biting chunks out of it until it is completely gone.

by Stuart Laing

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