

It's hard to plan for the future or enjoy the prospect of retiring if the burden of debt is weighing you down. But ignoring debt - or the anxiety it creates - won't make it go away. A take-charge attitude is necessary. Here are a few steps that will lead you on the road to debt recovery:

Identify exactly how much you owe and at what interest rates. Pull out the statements, call creditors and let's look at what we're dealing with. Use this chart to identify your debt:

Debt	Creditor	Amount owed	Interest rate	Minimum monthly payment	Payment due date
Mortgage					
Home equity loan					
Home equity line of credit					
Car loan / lease					
Appliance/ Electronics/ Furniture					
Appliance/ Electronics/ Furniture					
Appliance/ Electronics/ Furniture					
Personal loan					
Student loan					
Student loan					
Credit card					
Credit card					
Credit card					
Credit card					
Credit card					
Other					
Other					
Other					
Other					
Other					
Total:					

Track your spending and find extra money to pay down debt.

This will make it easier to pinpoint areas where you can cut down on extras and put this money towards your debt. If you put **\$10** a day towards your debt rather than spending it on coffee or fast food, you could put **\$3,650** towards paying off your debt in one year!

Learn how credit cards really work.

By applying **\$10** a day (\$300 a month) against your \$8,000 credit card debt (at an interest rate of 18%) you'll be debt-free in **3 years**. By comparison, if you pay **\$5** a day (\$150 a month) against your \$8,000 credit card debt, it will take you **9 years** to pay off your debt.

Limit your spending.

Making small changes can help in a big way. Don't carry your credit cards around if you're too tempted to use them. Instead, use debit cards or cash. When using automated banking machines, some fees may be charged. As much as possible, use the tellers of your own financial institution and enquire about fee packages. And don't be tempted by credit line increases or credit card offers that promise you promotional point systems.

Create a monthly spending plan.

Make a monthly spending plan to create a budget that you can commit to. Your budget should include savings too.

Save up for big projects.

Create specific funds for special occasions like vacations. By saving a little at a time, you won't need to resort to using credit.

Know your credit rating:

you can access your credit file by contacting credit reporting agencies such as Equifax Canada and TransUnion Canada. Once you lower your debt, your credit score will rise, which will mean lower interest rates.

Here are more suggestions:

- ▶ Every month, make the minimum payment due to every creditor on time to avoid late fees, higher interest rates and negative impact on your credit rating.
- ▶ Pay as much over the minimum payment as you can to the creditor with the highest interest rate. Once that's paid off, use the amount you've been paying to pay down the creditor with the second highest interest rate.
- ▶ Once you have paid off a credit card, leave the account open. Unused credit helps improve your credit rating.
- ▶ Call your credit card companies to negotiate a lower interest rate.
- ▶ Don't create new bills that you won't be able to pay in full on their due date.

Using these tips will help you manage your debt instead of losing sleep over it.