



## 10 Ways to Cut Your Debt Now

For many, the decision to get out of debt is preceded by weeks, months or possibly years of worry about these obligations. But it's important to know that getting rid of debt can actually start with some very small steps and strategies that you can begin today.



Advice is a good first step. A meeting with a professional financial planner can help you investigate all sources of income and total up all your obligations – most will make you bring all your bills with you – and tailor a plan that matches your needs and circumstances. But in general terms, here are 10 steps you should follow:

**1. Get a grip on the amount of debt you have:** You can't overcome a debt problem without knowing how much you owe. Start pulling together every bill with a balance where you're charged non-tax-deductible interest – credit cards, auto loans for a start – and get a total. If you've missed any payments on any of these balances, bring those current first. Then organize the rest of the debt along interest rates and set a payment order that attacks your highest rate balances first. Also, this is a good time to check your credit reports to make sure there are no other surprises in your credit picture. For the three credit reports you are entitled to for free each year, go to this site: [www.annualcreditreport.com](http://www.annualcreditreport.com). Any other credit report with the word "free" in its name that asks for a credit card number will likely charge you – avoid those.

**2. Put the credit cards away:** Cut up your cards if you have to, but at the very least, put them in a safe place where they're far away from your wallet and your phone or computer (so you don't use them for catalog or web orders). Once your debt is paid off, then you can consider which accounts you will use – sparingly – in the future. (Hint: The cards with the lowest rates.)

**3. Now get a grip on spending:** It's time to make a budget. For a month, start tracking your spending – every dime. You can do this on paper or on a computer-based solution like Quicken or Mint.com. As you go through the numbers weekly, start identifying things you can live without – coffee and doughnuts, expensive lunches (carryout is a huge budget-buster) and any other frills that can be cut or eliminated. Once you start to suspect that a particular spending item isn't absolutely essential, cut them immediately – don't wait for the end of the month. When you get to the end of the month, build a spending plan that covers the essentials, a few small treats and then directs any additional savings you've identified toward paying off the debt.

**4. Try to refinance your home debt:** If you have not recently refinanced your mortgage or home equity debt, see if there's an opportunity to do so while rates are still low. You'll need at least 10 percent equity in your home and a credit score exceeding 740 to qualify for the best rates, but start negotiating with your current lender first and see how well you do.

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The EAP is a **free** service for you and your eligible family members.

All EAP services are **completely confidential.**

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## Savings: Pay Yourself First

Financial experts now recommend having eight months of living expenses in liquid assets. Today's unsure economy and job market make that even more important. Get those credit cards paid off then start getting your savings account built up.

Start small - \$10, \$25, \$50, or \$100 per month. Utilize automatic withdrawals into a money market or savings account.

Look at your monthly expenses.

- Where can you save?
- Do you need all the movie channels on cable?
- Do you really need a cafe latte every day? A \$3.50 coffee drink each day is \$1277.50 per year.
- Keep it under 60 - Gas mileage suffers badly at speeds above 60 mph. Every 10 mph above 60 mph costs you an around an additional 10 cents per gallon.



Contact Cascade EAP for more help in getting your financial life back on track.

**5. Try to refinance your credit card debt:** If you are facing an overwhelming amount of credit card debt, talk to each credit card company directly to see if you can lower rates or monthly payment amounts. Don't fall for the 2 a.m. come-ons from debt resolution companies – they generally charge high fees and take the payment process out of your hands, which may mean late or missed payments. It's not easy to negotiate a better deal and you may need to insist to speak with several supervisors. But if you succeed at getting a more favorable deal, it's better if you keep the payment process in your hands so you can keep a constant eye on how your situation is improving.

**6. If you need outside help, use some smarts:** The provisions of the new Credit Card Accountability, Responsibility and Disclosure Act that took effect in February 2010 require that credit card issuers print a toll-free number for a nonprofit credit counseling service on every bill. It's important to know that the credit card companies fund these nonprofits, so they're not acting completely in your interest. Nor are they foolproof in making sure bills get paid on time – any time you let someone else handle your finances you face that risk. But if you are looking for outside assistance and negotiation with your balances, these agencies are a better option than those credit-repair agencies you'll see advertised on TV. Yet a financial planner may be able to offer specific negotiation tips that can help you keep better control of your debt issues.

**7. Learn to use cash or debit:** Try to migrate as much spending as you can to cash as long as you get receipts that help you track that spending. A more efficient solution – particularly if you download your bank transactions into a financial tracking computer program – is the debit card. Debit cards wearing a bankcard logo are typically welcome at most stores where credit cards are accepted. This way, you pay cash without carrying cash. If you don't have such a card, you can probably get one from your bank to replace your traditional ATM card, but remember to tell them to limit your buying power on the card to only what you have in your account. Then keep a close watch on spending so you don't overdraw.

**8. If you can do it safely, DIY:** You don't have to pay for a hand car wash or a lawn service if you can do such things yourself. For any home or auto maintenance chores you may have during the year, learn as much as you can about those tasks and how much skill, money and time it takes to do them. Previous generations made do-it-yourself a necessity. See if that option is right for you and you might save considerable money doing it. Also, for bigger jobs, pair up with friends and family and you can help each other save money.

**9. Plan your shopping in advance:** Impulse buying had its own role in the debt crisis. It's time to stamp it out at least until your debt issues are fully under control. Start making a centralized list of necessary shopping items – keep the list for grocery, discount store and other locations on one page if you can so you can see everything you're considering. Mark off what seems less than necessary. And use coupons and other discounts – the same goes for online purchases. Always do a search for coupon and discount codes to save money on shipping and overall purchase price. Oh, and when you can, buy used – recycled clothes, furniture and home goods will save you money, and if you're making smart purchases, no one will care. Again, direct all savings toward debt.

**10. At the end of the rainbow, don't restart the problem:** Once the slate is clean, don't start spending again. Start saving and investing.

It's important to know that getting rid of debt can actually start with some very small steps and strategies that you can begin today.

## Separating Your Work Life From Your Home Life

The Information Age makes working from home a breeze. E-mail, intranets, phone calls and faxes improve productivity and help create flexible lifestyles -- but they also can make it difficult to separate your work and home lives.

This can be a problem whether you're a telecommuter or a regular commuter who brings extra work home with you.

"It's easy to allow work to take over when it's in your home," says June Langhoff, a Pacifica, Calif.-based consultant and author of "The Telecommuter's Advisor." "You have to be on the alert."



To keep work from consuming your home life, Ms. Langhoff suggests the following strategies:

- Set expectations with family and friends. Your family, housemates, friends and neighbors need to know that when you're working at home, you're working -- and they should know when and how to interrupt you. If work constantly consumes your home life, remind yourself why you chose to work at home. "Maybe it's because you'd like to have some flexibility, more free time or more time with family," Ms. Langhoff says. At the same time, at-home workers must consider what's acceptable to their families.
- Let the answering machine pick up. Early morning or evening phone calls from colleagues or clients can infringe on one's personal life. East Coast early birds have been known to call Ms. Langhoff's California office line as early as 4 a.m. her time, so she sometimes turns off her phone's ringer. If someone calls in the evening, she'll say, "I'm on my way out the door. I'll be glad to call you back tomorrow morning." Having a separate office line and caller ID helps her know which calls to answer.
- Separate work and personal e-mails. File incoming work e-mails separately from personal ones, if possible, and deal with each at a designated time.
- Clock in, clock out. There's no car or bus commute to put distance between you and your work worries when home is the official workplace. Setting your own transition rituals can help ease you out of work mode and back into a more relaxed, personal mind-set -- or vice versa. "Do whatever works for you. Some telecommuters I've talked with will go out to Starbucks and come back to their home offices with their coffee -- that's their morning ritual. Then, at the end of the day, they may take a walk around the block," she says. When you close up shop, push in your chair and shut the computer cabinet. "If I'm being really good, I'll tidy up my work area. So then, it looks too neat to start again," Ms. Langhoff says.
- Set a regular non-work schedule. Plan a lunch with a friend, buy season tickets to the symphony or go to the gym. "Those kinds of regular activities get you out with people and remind you there's another life," says Ms. Langhoff. "Then, say to yourself, 'How can I get back to that?' Ask for help from family and friends. Build in some time for you and your family -- whatever that might involve." And when you need a break, such as a vacation, consider leaving your laptop at home. "Now, when I go on vacation, for the most part I don't take my technology with me," Ms. Langhoff says. "I even try to stay at a place that doesn't have a phone. If I don't do that, I never turn off my business side."

*Krames Staywell*

## Think Positively

Having a positive outlook is a choice. You can choose to think thoughts that elevate your mood, throw a more constructive light on difficult situations and generally color your day with brighter, more hopeful approaches to the things you do. And while you're surrounded by negative messages, thinking and feedback daily, you don't have to soak it up. Through choosing to take a positive outlook on life, you can begin to shift out of a negative frame of mind and see life as filled with possibilities and solutions in place of worries and pessimism.

# A Good Walk Can Make You Young

What would you do to take 20 years off your age? The answer may be as simple as walking, says Barry Franklin, Ph.D.

“Starting at the age of 20, we lose about 1 percent of our aerobic fitness each year,” Dr. Franklin says. “A walking program can improve that fitness from 10 to 20 percent in three months. That’s the same as 10 to 20 years of rejuvenation.”

Dr. Franklin runs the Cardiac Rehabilitation Program and Exercise Laboratories at the William Beaumont Hospital in Royal Oaks, Mich. “Walking is one of the best and easiest exercises someone can do,” says Dr. Franklin, a spokesman for the American College of Sports Medicine. “You don’t need any equipment beyond a good pair of walking shoes. It’s a great activity to do with others. And it’s safe.”

### No complications

With almost all other types of physical activity, Dr. Franklin explains, there is some risk for complication involving bones, muscles, heart or lungs. “But there are almost no reports of complications in adults from walking,” he says.

“Moderate activity like walking can extend longevity,” says Dr. Lee, an associate professor of medicine at Harvard Medical School. “It can reduce the risk of heart disease, stroke and diabetes. It’s also been associated with a lower risk for certain cancers, such as breast or colon cancer.”

### Start slow

Thirty minutes a day may seem like a lot of walking if you’re not used to it. But you don’t have to do it all at once, says Dr. Franklin. “Thirty minutes should be a goal, but you don’t have to start there,” he says. “Just a few minutes each day provides benefits. The idea is to start slow, going at your own pace.”



## How to Use Your EAP

When help is needed call 800-433-2320. The office coordinator will ask for your name, employer and a brief description of your presenting concern. If an emergency exists you will be given immediate assistance. If your situation is not an emergency, you will be offered telephone assistance and/or in-person sessions to complete an assessment and make a referral for treatment if needed.

Meetings with your counselor are completely confidential. Your employer will not know you have used the EAP. No one will be provided any information about you without your written consent. Exceptions would occur only in the event of you being considered dangerous to yourself or someone else.

At the first appointment you should be prepared to give the counselor some background information to assist in formulating an action plan. Many people find it helpful to prepare a list of things they wish to discuss at each session.

PORTLAND:  
503-639-3009

SALEM:  
503-588-0777

If you live outside the  
Portland/Willamette Valley areas, call  
the toll free number listed below.  
You will be referred to a mental  
health provider in your area.

800-433-2320  
www.cascadecenter.com

“People who don’t walk might feel a few aches and pains at first,” Dr. Lee says. “But those go away.” She adds that even people with arthritis find their joints don’t hurt as much after they’ve been walking for a while. “The important thing is to move and not fret about goals,” she says. “Work on enjoying it. If you enjoy it, you’ll keep doing it.”

Both Drs. Lee and Franklin recommend trying to increase what you do a little each week. “Three 10-minute periods,” Dr. Franklin says, “will give you almost as much benefit as one 30-minute period.” *Krames Staywell*



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