

Debt Management Worksheet

Use this worksheet to list whom you owe money to and how much you owe them. This is the first step in managing and reducing your debt.

	Lender Name	Total Amount Borrowed (\$)	Amount Unpaid/ Outstanding (\$)	Monthly Payment Amount (\$)	Payment Due Date	Is this loan "secured" (with "collateral" like a home, car, or savings)?	Interest Rate (Annual Percentage Rate)	Other Important Terms
Mortgage						Yes No		
Other (home equity line of credit, etc.)						Yes No		
Student loan						Yes No		
Credit card 1						Yes No		
Credit card 2						Yes No		
Appliance/ furniture loan						Yes No		
Payday loan						Yes No		
Other						Yes No		
Other						Yes No		
TOTAL MONTHLY PAYMENTS								

This worksheet is adapted from the Consumer Financial Protection Bureau's Your Money Your Goals toolkit.

If you are facing mortgage distress, and you have significant credit card or other debts, you may be better off making *minimum payments only* on these other debts. That way, you can prioritize saving money in an escrow or other account to prove to the bank you can afford your mortgage. **Talk with your counselor to discuss what option is best for you.**

Once you are able to make your mortgage payments and continue to make minimum payments on all debts, there are two strategies to pay down other debts:

1. Highest Interest Rate Method

Focus on the unsecured debt with the highest rate of interest, and eliminate it as quickly as possible, because it is costing you the most. Once it is paid off, focus on the next most expensive debt.

PRO You eliminate the most costly debt first.

CON You may not feel like you are making progress very quickly, especially if this debt is large.

2. Snowball Method

Focus on the smallest debt. Get rid of it as soon as possible. Once you have paid it off in full, continue with the payment, but now dedicate it to the next smallest debt. You create “a snow ball of debt payments” that keeps getting bigger as you eliminate each debt. How? You keep making the payments, but you are redirecting them to the next debt as each debt is paid off.

PRO You may see progress quickly, especially if you have many small debts. For some people, this creates momentum and motivation.

CON You may pay more in total because you are not necessarily eliminating your most costly debt.

Note: If you have an account on your credit report that went to collections, you are probably concerned about your credit score. But, just paying it off will not remove the damage it already caused to your score. In some unique cases, you may be better off not making a payment on an item that has gone to collections and is nearing the statute of limitations. But, be sure to consult with a debt management specialist for advice on your particular situation.