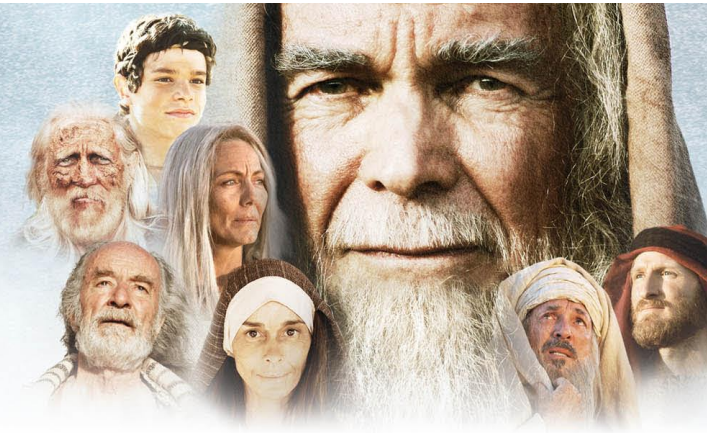


# GOD PROVIDES™

A FILM LEARNING EXPERIENCE FROM CROWN FINANCIAL MINISTRIES®



## Debt Reduction Plan

Many people feel overwhelmed by their debt. Most have a mortgage payment, at least one automobile payment, and usually more than one credit card with a balance. Some also have student loans and other loans to pay off.

If you are only making the minimum payments on your debts, while at the same time continuing to charge more on credit cards, the debt will grow and continue. It may seem like you will always have to make monthly payments and never be out of debt.

There is a light at the end of the debt tunnel, however. By applying some simple financial principles, you can begin to pay off those cards and eventually become debt free.

### **Step One: Create a spending plan.**

You must be able to accurately track your spending to know exactly where your money is going. Then you can look for areas where you are overspending or where you can spend less to create a margin for yourself.

### **Step Two: Create an emergency savings fund.**

The recommended amount is \$1000. This emergency savings fund will cover unexpected expenses, such as car repairs or replacing a home appliance. Having the cash to pay for these expenses will begin to break the cycle of debt.

### **Step Three: Begin applying the Rollover Method.**

Also called the Snowball Method, the Rollover Method is a simple way to pay off debt faster.

1. Make a list of the balance owed on each debt. Use the form on page 2 of this document.
2. Apply any extra money available to the debt with the lowest balance first. You can pay this off faster, and it is encouraging to check one off the list and keep going.

*continued on next page*

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3. Once that debt is paid off, apply the money that was going to that debt (the payment plus any extra) to the next debt.
4. Continue rolling over the extra money to each debt until all the debts are paid.

*Note: You can also start the Rollover Plan by attacking the debt with the highest interest rate instead of the lowest balance.*

| To Whom Owed | Contact Name<br>Phone No. | Pay Off | Payments Left | Monthly Payment | Due Date | % Interest |
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