

How To Get Debt Under Control Five Tips To Help

The average U.S. household carries about \$21,000 in consumer debt, primarily credit cards, car loans and student loans. Mortgage debt goes on top of that. If your debt is starting to overwhelm you, the faster you act, the better. Here are steps recommended by experts:

- **Get organized.** “Before you can tackle your debt, you need to tally up everything you owe and determine your financial situation,” said Mike Melby, chief executive of PayDivvy, a website for managing shared bills. To avoid missing deadlines, set up automatic bill payments through an online bill pay service.
- **Know the fine print.** You can be hit with big fees for paying late or going over your credit limit. “A credit card or loan will let you go into as much debt as possible if you don’t pay on time or only pay the minimum because they will be earning interest,” Melby said.
- **Contact your creditors.** You may be able to negotiate a reduction in your debt, suggested Joan N. Feeney and Theodore W. Connolly, authors of “The Road Out of Debt.” But be aware that if you get a reduction, it could seriously affect your credit score.
- **Prioritize your debts.** If you have more debt than you can handle, pay down the account that has the highest interest rate first, Melby said. “Once the highest-interest debt is paid off, keep moving down your list until all debt is paid.”
- **Consider lumping all your debt into a consolidation loan.** “If you’re walking around with umpteen different sources of credit, then a consolidation loan may be your best bet as long as you can get a loan at a reasonable rate,” advised Gail Vaz-Oxlade, author of “Debt-Free Forever.”