

How to **GET OUT OF DEBT** for Good



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This is a short preview of the complete “members-only” report that’s waiting for you in the HBHW Club.

The full version also includes the following chapters:

- How To Get The Snowball Started – You know how it goes when you’re making a snowball? At first it grows slowly, and then it grows quicker and quicker? That’s how paying off your debt works, too. And, I show you how to get started.
- Extra Cash Infusions – Finding extra cash. Where to find it - plus what to do when you find an extra \$20 to get the most benefit.
- Congratulations, You’re Debt Free... Now What? How to Stay Clear of Debt forever!
- Extra – Step by Step Checklist - I’m not providing just theory here. This is an action plan to take what you’ve learned and make it happen.

And, you can get it all and much much more at www.HillbillyHousewifeClub.com

Introduction

Welcome to the first monthly report of the Hillbilly Housewife Club. My mission with the HillbillyHousewifeClub.com is to help you save or make quite a bit of money each month. And we're going to start things off with a big bang.

This month, I'm going to share with you the strategy and principle my husband and I used to get out of over \$15,000 in credit card debt and pay of our car loan as well... and we accomplished all this in a year. I don't think it's hard to see how getting out of any consumer debt you may currently have can easily save you 10 times as much as you are paying to be a member of the HBHW club in interest rate savings along. Not to mention the fact that you are going to free up quite a bit more money each month for you and your family.

But getting out of debt isn't just about the money. More importantly for me, it greatly reduced the stress we were under and gave us a feeling of financial security.

In today's financial climate, it isn't a good thing to carry around a lot of credit card debt. Credit card companies are nervous and the same people that extended you a \$20,000 credit limit just a few short months ago, are now nervous about you being able to make those monthly payments.

I've seen credit limits greatly reduced, but more alarmingly, I've seen interest rates raised right and left and in some instances, I've seen companies cancel credit cards and loans. I know you don't want to find yourself in a situation where you suddenly have to pay quite a higher interest rate on your outstanding credit card debt, or worse, are suddenly responsible for paying it off rather quickly.

The best way to avoid this and give yourself a some piece of mind is to buckle down and get that debt paid off. I know it sounds easier said than done, but after reading through this report, you will have a step-by-step strategy that will help you accomplish just that in record time.

Yes, you are going to have to make some small sacrifices. It isn't always easy, believe me, I've been there and done that for the past year. Keep in mind that those sacrifices are only temporary and the light at the end of the tunnel is a more secure financial future for you and your family, and quite a bit more cash that you can spend on things that are important to you (or just plain fun).

Are you ready to get started? I recommend you read through the entire report and then come back to the first chapter with a notepad and pen ready. Reading through the whole report first will give a good overview of the strategy you are going to use. Then you'll be ready to get to work, take notes, and of course start to take action.

Let's dive right in and of course you are welcome to email me at susanne@hillbillyhousewife.com with any questions or comments. Let's start digging out of debt for good.

Susanne Myers

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Time to Take Inventory

The first step to getting out of debt for good is that you need to stop accumulating more consumer debt. Starting today, stop using your credit card, your store card, and stop buying things like furniture etc. on credit. Yes, you can continue to use your credit card for safety reasons to make online purchases, but only if you KNOW you can pay off the balance as soon as that credit card statement comes in. Let me repeat... Step #1 – Stop Accumulating More Consumer Debt. Let's move on.

Before we can start to pay off any current debt we have, we need to know exactly where we stand. I realize this isn't always an easy thing to do, but believe me, it is a crucial step in making this work. If you've been avoiding looking at exactly how much you owe and at what percentage rate, take a deep breath and get to work. It's not nearly as bad as you may think it would be and once you're done, it's actually quite freeing to know exactly where you stand.

I'm bad about ignoring bad things and pretending they don't exist, all the while hoping they will just go away if I ignore them long enough. Well, I can tell you from experience that when it comes to debt, this DOES NOT WORK. Instead it can get you into even deeper trouble. It took me quite a while to realize that nothing would improve while I had my head stuck in the sand about our credit card debt and I hope this report will keep you from doing the same.

Let's dive in... the first thing we are going to do is to take inventory of all the debt that has accumulated over the years.

Take out a sheet of paper and divide it into 3 columns. Of course you can also boot up your computer and open a spreadsheet for this. Now list all your current debt on there as follows.

Put a name for the loan in the first column. For a credit card, that would be the name of the card, for your car loans, you may want to write down the make, or make and model of the car etc.

In the next column, write down how much you currently owe and in the last column write down the interest rate of the loan.

Here are a few examples of the types of loans or credits you may have on that sheet.

- Credit Cards
- Store Credits
- Furniture bought on buy now pay later
- Layaway Purchases
- Car Loans
- Boat Loans
- Student Loans
- Mortgage
- Second Mortgage
- Home Improvement Credit
- Payday Loans
- Payment Plans (i.e. for medical expenses you've had)

I'm sure there are quite a few other loan options out there. Go ahead and list every single one of them on that sheet of paper or in a spreadsheet.

Now we are going to sort these loans by interest rate. Get out another sheet of paper, divide it again in three columns and rewrite the loans, starting with the one with the highest interest rate. If you are using a spreadsheet, you can simply sort by that column, highest to lowest and save.

A Note on Payday Loans

Payday loans serve their purpose and sometimes they are the only way to get out of a tight bind and put some food on the table. Unfortunately because of their high interest rates, they are also incredibly hard to get back out of. If you happen to have some payday loans, start by doing whatever it takes to get those paid off. If that means eating beans for a month, do it. If you can somehow refinance that debt at a lower rate, it may be worth considering. If you want to go that route, please seek the advice of a financial adviser. I am not one, but instead am just sharing some common sense strategies with you to dig your way out of debt. But please, do whatever it takes and whatever you can to get out of payday loans and then do your best to never get into that situation again (which shouldn't be an issue if you stick with the plan as best as you can).

Let's get back to that list of debt. It may look quite overwhelming at first, but don't worry, we'll take small baby steps and nibble away on it in no time.

Take a good look at that first item on your list. It should be your debt with the highest interest rate. We are going to start there because it will make the biggest impact in the long run. In the next chapter "What to Pay off When", we'll start to work our way towards getting the debt paid off.

Tried and True Recipes and Strategies



Tried and true frugal recipes from me and other club members. If you like what you've seen on my main website -- you're going to LOVE this!



Additional strategies to simplify your busy day, cook delicious meals and frugal tips you may not have heard about. This will grow into a HUGE resource as I will be adding articles each and every month.

Check it out now:

www.HillbillyHousewifeClub.com

What To Pay Off & When

Now that you know exactly what you owe, let's talk about what order to pay all these different debts of in. There are two schools of thought on this. Let me give you a brief overview of each of them and then tell you why I prefer one over the other.

School Of Thought 1 - Start With the Smallest Debt

With this strategy, you pick out the smallest debt amount first and pay it off. Then you move on to the next one. The reasoning behind this is that this will give you a feeling of accomplishment early on and will then help you keep going. While it isn't a bad strategy from that standpoint, you will end up paying more in interest in the long run because you are not focusing on paying the high interest debt first.

School Of Thought 2 - Start With the Debt with the Highest Interest

This is the strategy I hinted at in the previous chapter by having you sort your debt by interest rate. The higher the interest rate on a loan, the more you are paying in the long run. That's why I'm having you focus on high interest debt first so you can get that out of the way and end up with a little more money to help you get out of the rest of your debt.

While using the second strategy helps, it may not make a huge difference financially if you don't have a lot of debt. If that's the case and you feel you would be more likely to stick to the plan by paying of the smallest debt first, by all means, go ahead and start with that. The rest of the overall strategy I'm laying out here will still work if you are using it. You'll simply change the order in which you are paying the various types of debt of.

I would also like to mention here that you are still going to make minimum payments on each type of debt. The list from the previous chapter will just be our guide on what particular debt we will focus on. We'll then work on getting that loan paid off before moving on and focusing on the next one.

You don't stop paying what you need to pay on the other loans; we are just sticking to the bare minimum for a while on those loans. By the way, did you know that by making minimum payments on a credit card and not adding any additional purchases to that card, it will take you decades to pay that debt of and you will likely be paying thousands of dollars in interest over that period?

Let's look at an example:

If I had **\$3,000** in credit card debt right now at a 12% interest rate, my minimum payment would likely be something like \$75. Making just that minimum payment for the duration of the loan, it would take me **11 years and 5 months to pay off** that loan and I would be paying **\$1,620.11** in interest over that time period. Yikes...

Pretty scary, isn't it. I'm sure you are ready to figure out how to get out of this. In the next few chapters we'll talk about the exact steps you'll be taking to get out of that debt. We'll start with an overview of the "snow ball principle" and then dive right into getting started with this strategy.

Ask the Hillbilly Housewife

In my "members-only" Hillbilly Housewife Club –you'll find other moms, just like you, who are at various stages in their debt-reduction, too.

- Some are just getting started.
- Others have kicked debt for good and are there to share their experiences.
- I'm there, too. I personally interact with my members on our private forum.

You'll have the support of a community of friends – all cheering you on!

Find out more about the Hillbilly Housewife Club here:

www.HillbillyHousewifeClub.com

The Snowball Principle

Do you remember making snowmen as a child? You make a little snow ball and start rolling it around in the snow. At first, that little snowball doesn't seem to grow very fast, but as it gets bigger and bigger, things start to speed up and it suddenly grows much faster.

We are going to use something very similar to pay off our consumer debt. That's why I'm calling it the snowball principle. I'll start by giving you a very basic overview and then we'll look at an actual example that will illustrate the principle further. Then we'll get started with it in the next chapter.

As mentioned before we are going to continue to pay the minimum payments on all outstanding debt. Plus we are going to focus on the highest interest debt and get that paid off.

Set aside a certain amount of money each month that you can pay toward that debt. You want it to be as much as possible, but don't set an amount so high that you put yourself in a position where you can no longer make minimum payments on your other debt. Add that amount to the current minimum payment. We'll call this amount payment A. Continue to make payment A each month until this first debt is completely paid off.

Go back to your list of debts, cross off the one you paid off and find the next highest interest debt. You are now going to take the amount of money from payment A and add it to the minimum payment you've been making so far on this debt. Let's call this new amount payment B. It will be higher than payment A. Now pay payment B toward that second highest interest debt until it is paid off.

If all this sound a bit confusing and too theoretical, hang in there... just keep reading the next few paragraphs and by the time we start looking at an actual example, it will make a lot more sense.

Once you have your second loan paid off, take the money you have been spending each month to pay it off (payment B) and add it to the minimum you're already making on loan #3. Make that payment until you have your third highest loan paid off. Continue in that fashion until you are debt free.

Once you have your credit cards and other consumer loans paid off, you can move on to paying off car loans and eventually even your mortgage.

Now let's look at an example with actual figures. It will make following along a little easier and more importantly, it will illustrate how quickly the payments you are making to get out of debt are going to grow.

Actual Figure Example

Let's assume I have the following debts. To make the math easier, we're going to ignore things like compound interest in this example. I'm also using round numbers to help with the math. This is just an example to illustrate the principal, not a real world rundown.

The debts are already sorted in order of highest interest to lowest.

- Credit Card #1 - \$2,000 (minimum payment \$100)
- Credit Card #2 - \$3,000 (minimum payment \$150)
- Store Credit - \$500 (minimum payment \$50)
- Car Loan - \$6,000 (minimum payment \$100)
- Mortgage - \$100,000 (minimum payment \$1000)

Now we set our extra payment each month. Every little bit will help, but to really get things off to a good start, let's set it at \$200 per month.

Finding an extra \$200 per month may seem like an impossible challenge right now, but don't get discouraged. I'll give you a few tips in the getting started section and we will go into great detail on how you can save on all sorts of things or increase the amount of money you have coming in each month in reports in the months to come.

Anytime you come across another way to save or make more money, come back to this report and this snowball principle and slowly but surely grow that extra payment each month, until you get to that \$200 mark or even higher.

Back to the basic math here... I'm going to work on paying off credit card #1 first. So I'm taking that \$100 monthly minimum payment, and I'm adding my \$200 to it. I'm sending Credit Card Company #1 a check for \$300 each month until that debt is paid off.

When that's done, I'm taking that \$300 and add it to the \$150 minimum payment for credit card #2. I'm sending Credit Card Company #2 a check for \$450 each month until that debt is paid off (which is quite a bit more than that \$150 minimum payment or even the \$300 I paid on the first card).

Once Credit Card #2 is paid off, I take the \$450 I've been paying and add it to the \$50 minimum payment for the store credit. I'm sending the store a \$500 check (which incidentally will have that debt paid off in full in just one payment).

Then I'm taking that \$500 and add it to my regular \$100 car payment. Since I'm now paying \$600 a month, it won't take me very long to pay off that car loan.

Once that is done, I take those \$600 dollars and add them to my regular \$1000 mortgage payment. I make sure those \$600 are applied directly to the principal of my mortgage.


That's it in a nutshell - The Snowball Principle. In a relatively short amount of time we go from paying an extra \$200 to reduce debt to being able to pay \$1600 toward the mortgage each month, being otherwise debt free. And this was an example with relatively low figures. Many of us have quite a few more different loans and larger loan amounts, which may seem daunting at first, but once that snow ball of money we are using to pay the debt off starts to grow, things move along rather quickly.


In the next chapter we'll talk about how you can get started with this right away.

This is a short preview of the complete “members-only” report that’s waiting for you in the HBHW Club.


**You can access the full report at
www.HillbillyHousewifeClub.com**

Here Are Just A Few Of The Exclusive Resources that You'll Find Inside The Club


 **A Step-by-Step Action Plan on a Money Saving Or Homemaking Topics.** - April's Report is all about Getting Out Of Debt For Good. This will be delivered in a meaty pdf report that you can download, print, scribble all over, throw in your purse, and read on the go - or study it while you're snuggled up in front of the fire with your cat.

 Tried and true frugal recipes from me and other club members. If you like what you've seen on my main website -- you're going to LOVE this!

 **Be inspired by women with the same goals and value that you hold dear.**

 Additional strategies to simplify your busy day, cook delicious meals and frugal tips you may not have heard about. This will grow into a HUGE resource as I will be adding articles each and every month.

 **Help to stay positive and motivated throughout your busy day.**

 Plus I'll have a few extra surprise bonuses for you down the road. (Audios, videos, interviews, guest experts... just you watch!)

And to make the Club even better, I decided at the last minute to include just one more bonus for you ...

As an extra bonus, I set up **forums** in the Hillbilly Housewife Club Members' Area. **The forums are what truly make this an exceptional community.**

And, you can get it all and much much more at
www.HillbillyHousewifeClub.com