

GET DEBT UNDER CONTROL

Whether it's the mortgage, credit cards or student loans for the kids, consumer debt adds up to a big burden for millions of people. When you carry a lot of debt, it makes saving for retirement that much harder. Today, more Americans than ever are carrying debt into their retirement years.

While you can take some comfort in knowing you're not alone when it comes to debt, you can also take action to tackle it. Here are a few simple steps to get started.

ADD IT UP

The first step is to make a list of what you owe and how much you're paying out each month. Start with a blank sheet of paper. Then look at your statements, and record your monthly payment and the interest rate (sometimes called the finance charge) for each debt.

Your sources of debt could include:

- Mortgage: Your interest rate may be fixed, or you may have an adjustable rate mortgage (ARM).
- Car loan: The finance charge is usually a fixed interest rate.
- Home equity loan or line of credit: Your home equity loan will have a fixed interest rate, but if you have a line of credit, it may be adjustable.
- Student loans: If you took a loan out, record your payments and interest rate. If you cosigned a loan for a child or grandchild, make sure he or she is keeping up with payments, so your credit rating isn't negatively affected.
- Credit cards: Credit card rates can vary tremendously. They may range from the special zero percent rate you received when you applied for a new card, to 20% or more.

Now that you have a clear sense of what you're dealing with, you can take steps to start reducing your debt.

GET THE RIGHT KIND OF HELP

If you feel like you're in over your head, help is available, but be sure you know whom you're asking it from. Thousands of scam artists make their living on debt reduction fraud, so be careful. A safe place to start is with the nonprofit National Foundation for Credit Counseling (NFCC) at www.nfcc.org. Through NFCC, you can connect with a counselor for help with credit card and other debt, as well as help with budgeting.

If you are struggling with your mortgage, visit www.makinghomeaffordable.gov for information on refinancing and other types of assistance.

GET THE RIGHT KIND OF HELP, CONTINUED

The federal Consumer Financial Protection Bureau is charged with going after predatory lending practices. A new rule from the agency allows you to get your credit card score for free if you've experienced a problem, like getting turned down for a loan, because of it. Also, the Federal Reserve has issued new pro-consumer credit card rules, like limiting late payment fees.

REDUCE CREDIT CARD DEBT

Here are some ways to go after your credit card debt:

- Call your credit card companies and ask for a lower interest rate. They may be open to it, especially if it means you'll eventually pay your debt off.
- Pay more than the minimum required every month. Visit AARP's Credit Card Payoff Calculator at www.aarp.org/moneytools to see the impact of paying more than the minimum.
- Avoid late fees and hiked interest rates by always paying your bill on time.

You might want to consider moving all of your credit card debt to your card with the lowest interest rate. Before you do:

- Know that credit card companies typically charge for this service. Make sure you understand the fee.
- Ask what interest rate you will pay on the balances you move onto the card and how long the rate will last.
- Find out what the interest rate for new purchases will be.
- If you have multiple cards, consider chipping away at the one with the lowest balance first. The satisfaction of paying off a card can be a great motivator.
- When you cancel a card, do so in writing and keep a record of the cancellation.

PREVENT MORE DEBT FROM PILING ON

You can prevent your debt from growing by eating out less, turning off the lights and turning down the heat when you're not home and resisting buying things you "want" but don't really "need." If you depend heavily on plastic to pay daily expenses, the best way to cut spending is to pay with cash. If you don't have enough cash for a purchase, don't make it.

If you can't get ahead of your debt, consider taking on a part-time job and putting the extra pay toward your debt. And once you're out of debt, apply what you've been paying toward saving.

TAKE ACTION!

- Check out www.aarp.org/money/credit-loans-debt/ for articles and tools on managing debt.
- Get a handle on what you owe by writing down each debt's monthly payment and finance charge.
- See how paying a little more each month on your credit cards lowers your debt with AARP's Credit Card Payoff Calculator at www.aarp.org/moneytools.
- Consider paying down high-interest credit card debt first, or target your lowest balance to get that feeling of satisfaction to motivate you to pay off your other debt.

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