

Get Back in the Black: Free Yourself From Holiday Debt

Podcast Transcript

You may have heard people refer to their finances as in the black or in the red. Financial situations said to be “in the black” are in a positive state. While you may look good in red, your finances do not. “In the red” means that a person or business has more debt than money to cover it. With the holidays not far behind us, you may find yourself in the red right now.

So how can you get back on track and back in the black? Make a spending plan and stick to it! When money is tight, it’s more important than ever to carefully examine your spending. Creating a spending plan may sound overwhelming, but it doesn’t have to be. By creating your plan, you can get a clear visual of where your money really goes and where you may be able to find some extra money to throw at your holiday debt. (Forego that daily latte perhaps?) When you can see what’s coming in versus what’s going out, you’re a step closer to meeting your financial goals.

So where do you start? After you’ve paid your monthly expenses, determine how much money you can put toward debt each month. Apply as much as you can without strapping yourself. And aim to pay down your highest-interest debts first.

Next, get creative and come up with ways to find more money to apply to your debt. Could you sell some items on an auction site? Could you use all or most of your tax refund to knock your debt out quickly? Consider reviewing your bills to see if you could be saving money or reduce some of the “extras” on them. Dig deeper than your monthly spending plan to find extra ways to save or make money that can be applied to your debts.

Once you pay off your holiday debt, make a plan to stay in the black. Consider taking the monthly money that you were using to pay down your debt and stick it in a savings account. Even a little at a time adds up when you save consistently. Have some of your paycheck sent directly to your savings account each payday so that you’re saving automatically to make saving a breeze.

Getting back in the black now can prevent your finances from dipping into the red throughout the year and during the next holiday season. Paying off last year’s debt and saving for the coming year’s expenses are the best ways to be prepared.

And remember, you never have to tackle your finances alone. No-cost personal financial counseling is available through your installation Military and Family Support Center and Military OneSource.mil. Financial counselors can help you examine your finances and create a spending plan that works for you. You can also increase your knowledge by reading up on financial basics on Military OneSource’s Money Management page. By taking advantage of the resources available to you and sticking to your plan, you’ll be back in the black before you know it!

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For more information, visit Military OneSource at www.militaryonesource.mil, an official Department of Defense website.