

Overview: Debt Simplified



CREDIT.ORG

Debt Simplified: Take Control of What You Owe

Welcome to Debt Simplified

In this course, you learned how debt works and how to manage it with confidence.

Think of this guide as your debt toolkit. Each concept helps you understand what you owe, avoid costly mistakes, and create a plan that supports your goals. When used together, these tools reduce stress and help you move toward financial freedom — one step at a time.

Why Understanding Debt Matters

Debt itself isn't the problem — confusion is.

When you understand how interest works, how payments are applied, and how credit impacts your future, you can make smarter choices.

It's not just how much you owe — it's how you manage it.

Small decisions, like paying more than the minimum or avoiding high-interest loans, can make a big difference over time.

The Foundations of Debt Simplified

1. Good Debt vs. Bad Debt

- Some debt builds opportunity, like education or home ownership. Other debt costs more than it's worth, like high-interest credit cards.

2. How Interest Works

- Interest is the cost of borrowing money. The higher the rate, the more you pay over time. Even small balances can grow quickly if only minimum payments are made.

3. Revolving vs. Installment Debt

- Revolving debt, like credit cards, allows repeated borrowing. Installment debt, like auto or student loans, has fixed payments and a set payoff date.

4. The Snowball Method

- Pay off the smallest debt first to build momentum and confidence.

5. The Avalanche Method

- Focus on the highest interest rate first to save the most money.



The Foundations of Debt Simplified (cont.)

6. Monitoring Your Credit

- Your credit score reflects payment history and credit usage. Paying on time and keeping balances low protects your financial future.

7. Watch for Zombie Debt

- Old debts may resurface through collection attempts. Know your rights before making payments on expired accounts.

When a Strategy Needs Adjusting

Not every repayment plan works for every situation.

Changes in income, emergencies, or rising costs may require you to adjust your plan.

Progress matters more than perfection. Even small extra payments or reduced spending can move you forward.

Next Steps

Choose one action to focus on this week:

- Pay more than the minimum on one account
- Review your credit report
- Create a simple debt payoff list
- Build a small emergency cushion

If you want support, Credit.org offers free, confidential one-on-one counseling and personalized action plans to help you move forward with confidence.

Final Takeaway

Debt does not define you.

Understanding it gives you power. Managing it builds confidence. Taking action creates freedom.

You now have the tools to simplify your debt and take control of what you owe.





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