

## Get out of Debt-Military Debt Relief

Don't let the easy access of obtaining credit cards drive you in debt. Often time, people take advantage of the easy access to credit cards and run up a large total with not having any plan or money to pay it off. The interest rates are usually high making it more difficult to pay off.

Often time's people will switch from job to job until they finally enjoy what they are doing. If they had been contributing to a 401(k), many will borrow from it or cash it out when they leave the company.

With the price of real estate on the rise, people will often times take out home-equity loans which offsets most or all of the potential rise in their wealth by more debt.

The average credit card carrying household carries more than \$8,000 in credit card debt. The interest rate typically runs around 17%, which comes out to about \$1400 a year in interest. Say for instance, instead of paying that interest, you invested \$1400 a year earning 8% annually, you'd have almost \$160,000 after 30 years.

If you are ready to tackle your debt, here are a few tips to get you started.

Get to know your debt, all of it. Know all of your balances, the interest rates of each, whether it is deductible, and if you'll face any penalties for paying an account off early. Call your lender and ask if you don't know the answers, and most importantly, write everything down.

Next, prioritize your debt. Your debts can be divided into deductible and non-deductible debt. Examples of non-deductible debt, meaning you get no tax break include credit cards, car loans, and personal loans. Examples of deductible debt include home equity loans and some student loans but will depend on your income. Then rank your debts, deductible and non deductible from highest interest rate to the lowest in two separate piles.

Delete your debt. Start with your highest rate of non-deductible debt or with the smallest balance of non-deductible debt. Starting with the smallest will give you satisfaction for paying the debt off fast. Regardless, you should pay as much money as you can towards your first debt elimination target. Once your first debt is paid off, keep contributing the same amount of money to your next target. Continue with this process until all your non-deductible debt is paid off. Then target your deductible debt.

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### About the Author

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