

What is debt management?

Debt management is a topic most people will have to deal with at some point. Debt is acquired by not living within your means. Living within your means is simply that you do not spend more than you make. Debt management is controlling and managing debt responsibly. To reduce or eliminate debt and create a cash flow that keeps you out of debt is debt management. To completely control your debt you need to make a budget, reduce expenses and focus on paying debt. This is the essence of debt management.

To start your debt management program and make a budget you will need to know all of your expenses and income for a set period of time. Most budgets are done on a monthly basis. You should record your monthly income and expenses on a sheet that will allow you to subtract your expenses from your income. You need to have a few sections for expenses because there are a few different types of expenses to consider in your debt management.

Fixed expenses- These are expenses, like rent, that are always the same amount or around the same amount each time they are due. These expenses are also ones that must be paid. Good debt management prioritizes expenses.

Variable expenses- This type of expense changes from month to month. They are also expenses that you can change the amount of if need be, like groceries.

Debt- Debt can be either fixed or variable, but is different because you do not pay the full amount each month. You can chose how much you want to pay or have a minimal amount you have to pay.

These three types of expenses should be noted on your budget as part of your debt management. Once you have drawn up your budget you need to balance it. Balancing your budget is also a necessary part of debt management and means that your expenses do not exceed your income. This is very important in any debt management program.

You may find that your budget is not balanced. If this is the case you will need to try to find ways to reduce your expenses. While fixed expenses are the same month to month and you have to pay them, there are still ways to reduce the amount. You should comparison shop to find the best price you can get. You can do this with utilities, especially extras like cable TV and phone service. Look at the companies that offer service in your area and find the one with the lowest price. Variable expenses are easy to manipulate and this is most likely where most of your budget cutting will happen. Reducing your expenses will not only balance your budget, but give you some more money to pay off debt quicker. Debt management will pay off with a little planning and self control.

Debt can hang around for quite some item. Most debt comes with interest charges that just keep adding up. You can try getting a lower interest rate. By calling the company you have a debt with you may find they have better payment plans or can offer you some savings. You should also always make a point to pay more than the minimum amount due, especially on credit card debt. The minimal amount due is usually mostly paying interest and not your actual debt. Be aware of creating new debt also. Pay your bills on time so you do not get extra charges applied. Debt management requires that you keep good records and stick to your budget so debt doesn't get out of control.

Debt management may seem like a difficult task, but if you keep records and stick to your budget it actually can be easy. Try to cut expenses and remember to always live within your means. Once you get a credit card paid off do not start charging again unless you can pay the balance off in full when the bill comes. That is the simplest way to stay out of debt. Start your own debt management program and not only get out of debt but stay out. Remember, for debt management to be effective you must stick to your plan.

Source: <http://www.articlecircle.com>

About the Author

Jay Moncliff is the founder of <http://www.debtmanagementcenter.info> a website specialized on Debt Management, resources and articles. This site provides updated information on Debt Management. For more info on Debt Management visit: <http://www.debtmanagementcenter.info>