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## Get out, stay out of debt

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Americans are in debt.

Total United States consumer debt reached \$2.46 trillion in June 2007, up from \$2.398 trillion at the end of 2006 (excluding mortgage debt but including installment debt), according to CreditCards.com, a credit card information Web site.

So how do we get out of this situation?

Loren Viere, managing partner at Kern, DeWenter, Viere Ltd., has a few ideas. He has practical tips for the average Jane or Joe to get out of debt — and stay out of it.

### Assessment

Where are you in your financial life? Many bankers or financial advisers often say to get out of debt, you first need to assess your situation. What are your assets? What are your liabilities? What are your goals?

When you answer the appropriate questions, then you can set your priorities. For example, if you know one parent needs to stay home and take care of the children, then getting a second job may not be an option when figuring out how to get out of debt.

When you set priorities you know where to spend and save your money.

### Set your goals

OK, so you know what's important to you. You've figured out your priorities. But you still owe a lot of money.

First, let's say you need to climb out of \$10,000 worth of credit card debt. Set a long-term goal and a short-term goal. Long-term: You want to pay off your \$10,000 in credit debt. Short-term: You want to rid yourself of a \$1,000 burden.

It's important to set long-term and short-term goals in order to stay encouraged about your progress, Viere says. You can even reward yourself with a treat of some sort, but don't get too extravagant, he said.

There's another option for couples who can't determine what their priorities are — because perhaps they can't agree on what's important. Sometimes they can go to a debt or credit counselor. Another option is splitting the debt in half, Viere said. He doesn't necessarily endorse either, but said that's where some people find middle ground.

Another route is debt consolidation, which can be helpful for some people, but harmful for others.

It can be helpful because it can create one payment plan that works well, rather than having several maxed-out cards. But Viere warns people can get too comfortable with a consolidation plan and become lax in their financial thinking.

Sticking to your plan

There's not one goal that works for everyone, nor is there one piece of advice that will help you stick to it.

It's good, old-fashioned budgeting and self-discipline.

Budgeting is No. 1 in a financially stable life. Create a budget based on your priorities — including necessities as well as savings goals, such as child's college education or that family vacation. Next, create an emergency fund.

Also, live within your means. For example, if you have a few home projects you want to do you should prioritize: Ask yourself, What's most important? What can I afford?

Not all debt is bad. If it helps you make money, it can be a good thing, such as earning equity on a home. But when you're relying on credit cards for groceries or things you can't afford, you can get into trouble, Viere said.

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