



Turbo Charging Debt Elimination Through A Powerful Momentum Strategy

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10 Minute Investing

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Eliminate Your Debt

If you have credit card debt or other consumer debt such as a car loan, don't despair. You are not alone.

Total US consumer revolving debt reached \$904 Billion in June 2007. (Source: Federal Reserve)

Of the households that do owe money on credit cards, the median balance was \$2,200. (Source: MSN Money)

You don't need to pay an expensive credit counseling service or debt-settlement lawyer to pay off what you owe. If you do select one of these, beware because any reduction in your debt that they "settle" on your behalf will show up negatively on your credit report.

I'm excited to share an effective way to begin to whittle down your debt immediately and eliminate it completely.

I call it the momentum strategy. Here's how it works.

The first thing to do is to stop using your credit cards. Period. You don't want to rack up any more debt.

Next, get out a sheet of paper and write down the following three things about each of your credit card balances:

1. Total owed per card
2. The interest rate for each card
3. The minimum balance you must pay each month per card.

The first "trick" to the gaining momentum is finding some spare cash each month in your budget to pay off your debts. Say you're willing to come up with an additional \$50 per month—forgoing a few vanilla lattes or eating in rather than out a couple of times per month.

Take that \$50 each month and add it to the minimum payment of your smallest credit card debt.

I recommend that you proceed this way because you'll have the satisfaction of actually eliminating a debt faster this way than tackling the

largest balance or the debt with the highest interest rate.

The second “trick” is to take that extra \$50 per month you’ve trimmed from your budget plus the minimum payment amount from the first credit card you paid off and apply it to the next smallest balance.

Take a look at the following example.

Harry has two credit cards and he owes a total of \$1,500. He creates a table and enters the following information about his credit cards.

Card	Owed	Interest Rate	Min Pymt
MasterCard	\$500	12%	\$25
Visa	\$1,000	14%	\$50

He decides to trim his budget to free up an extra \$50 per month by cooking at home more each month rather than go out to eat three times a month.

Harry adds the “extra” \$50 to the minimum payment of \$25 for a total of \$75 towards paying off his MasterCard.

And he pays the minimum due on his Visa card until the MasterCard is paid off. He will pay off the MasterCard in March of 2009.

With the power of applying the \$75 payment to his Visa after eliminating the MasterCard debt, Harry will pay off his Visa in September 2009.

Here’s the payment table:

Month	MasterCard	Visa
Sep 2008	\$75.00	\$50.00
Oct 2008	\$75.00	\$50.00
Nov 2008	\$75.00	\$50.00
Dec 2008	\$75.00	\$50.00
Jan 2009	\$75.00	\$50.00
Feb 2009	\$75.00	\$50.00
Mar 2009	\$70.05	\$54.95
Apr 2009		\$125.00
May 2009		\$125.00
Jun 2009		\$125.00
Jul 2009		\$125.00
Aug 2009		\$125.00
Sep 2009		\$121.63
TOTALS	\$520.05	\$1101.58

(source: Powerpay.org)

By finding the extra \$50 plus having the discipline to continue to apply the minimum payment from the paid off MasterCard to the Visa, Harry will save \$84.45 in interest and pay off his debts 10 months faster than if he simply paid only the minimum balances.



There's a marvelous website that you can use for free to do the "heavy lifting" of creating a table with your credit cards and payment schedules. It's called powerpay.org.

PowerPay also had easy-to-follow step-by-step instructions and a meaty FAQ section. After you enter your data and PowerPay calculates your payment schedule, you can download the table as an excel worksheet. Check it out.

Start today. Stop making the banks rich. Commit to getting rid of your debt for good.

For more information on financial and investing topics that matter to you the most, visit www.10MinuteInvesting.com and check out the 10 Minute system.

I invite you to join the 10 Minute Investing community where people are empowering themselves to make better investment decisions. Feel free to email me directly with your questions and comments. You can reach me at

Nalini@10MinuteInvesting.com.

To your investing success,

A handwritten signature in black ink, appearing to read 'Nalini', with a stylized flourish at the end.

Nalini