

Dissecting Your Debt

To help get a better look at your debt, complete the following chart to dissect your debt. Check on your most recent statements for the information or call your creditors to find out. Place a check in the C column if the debt has been sent to a collection agency. See below for instructions on the Debt Priority (DP) column.

| Dissecting Your Debt | | | | | | | |
|----------------------|------|---------|-----------------|----------------------|------------------|---|----|
| Description | APR% | Balance | Monthly Payment | # of Payments Behind | \$ Amount Behind | C | DP |
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| Totals: | | | | | | | |

The DP (“Debt Priority”) column is to help you decide which debts need to be paid first. Secured debt is usually at the top of the list because, if you don’t make the payments, the lender can take back the property used to secure the loan. In the example above, the car loan should be paid first; without a car, you may not be able to get to work! With other unsecured debt, there are two schools of thought:

1. Pay off the higher interest rate loans to save the interest expense; or
2. Pay off the smaller balances so you can write fewer checks and enjoy the small victories along the way.

There is no right or wrong answer for the DP column. This is a personal choice, and **you** must **decide what is best** for **your** situation.

Source: Adapted from *DollarWorks 2* (University of Minnesota)