

DEBT ASSUMPTION

NOTE: Before reading this, you will need to understand what debt assumption is. Go to the calendar on March 25th at 8:00 pm and watch the video on debt assumption.

The first step to eliminating unsecured debt is to gather all of your information. This means credit cards, medical bills, gas cards, private (not federal) student loans, business loans, and even department store cards. You're going to want to count up how many accounts you have and the total debt amount. For example: If you have two Visa cards, a Mastercard, and some unpaid medical bills, and each of them had \$5,000 of debt, then you would have four accounts and \$20,000 of debt.

After you have added up all of your debt, check the total balance owed. If it is greater than \$15,000 you might be a candidate for debt assumption. If it is less than \$15,000 there are other strategies that might be beneficial to you. Check with your Krewe Kaptain to go over these options.

The next step is to figure out what it is going to take to pay off your debt. The two most common ways to do this is A: figure out the minimum payment and find out how long it will take to pay it off. B: find out what the payment would be to pay it off over three to four years. (use the debt calculator found in the Debt Krewe Resources)

Neither of these answers are very practical. The answer to "A" is usually 20 to 30 years, assuming you never use the card again. The answer to "B" is usually a payment that is so high that it isn't feasible.

If you find that the debt assumption plan will benefit you, your next step is to prepare for it. Schedule a time with your Krewe Kaptain to plan out your strategy. Make sure to have all of your unsecured debt information ready.