

Plastic Surgery – Getting Out of Debt

UOP Dental School

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Overview

- Look for warning signs of credit trouble
- Establish financial goals
- Examine spending
- Debt repayment options
- Your credit report

Warning Signs of Trouble

- Paying only the minimum due
- Charging more than you pay monthly
- Charging what you used to buy with cash
- Balances not decreasing
- Approaching your credit limits and applying for more credit



Warning Signs of Trouble

- Needing a loan to pay bills
- Not knowing how much you owe
- Feeling stress when you use your credit cards
- Draining savings to pay bills
- Making payments late
- Using cash advances to make payments



Financial Goals

- What do you want your money to do for you?
- What does your financial future look like?
- How does debt impact your future?
- When do you want to be debt free?

Create a Spending Plan

- Review your income and expenses
 - Can you cover your expenses without charging?
- Determine the amount available to repay debt
 - Can you increase the amount of money you apply to the debt?

Live Within Your Means

- Increase income
 - Liquidate assets
 - Overtime
 - 2nd job
 - Spouse/family members contributing
- Decrease spending
 - Eliminate unnecessary spending
 - Find less expensive alternatives
 - Postpone major expenses until debt is eliminated

Controlling Spending Urges

- Leave credit cards at home
- Avoid shopping as a social activity
- Budget for small rewards
- Weigh purchases against the desire to live debt-free

Delete Your Debt

- Stop charging
 - Live a cash-based lifestyle
 - Use debit cards
 - Keep an emergency card if necessary
- Reduce interest rates
 - Transfer balances to lower rate cards
 - Consider using home equity
 - May have tax benefits
 - Be aware of putting your home at risk
 - Close paid off accounts

Delete Your Debt

- Increase payments
 - Modify spending
 - Increase income
 - Liquidate assets
 - Use bonuses, tax refunds, etc. for debt repayment
- Overpay the most expensive debts
 - Review monthly finance charges
 - Commit extra funds to the account costing the most

Your Credit Report

- Information used to determine the cost and availability of credit
 - Housing
 - Employment
 - Insurance
- Most negative information reported for 7 years
- Positive information may be reported indefinitely

Overcoming Negative Credit Rating

- Review your credit report
- Repay old debts
 - Payment arrangements
 - Settlements
 - Pay in full
- Commit to timely payments
- Seek credit rebuilding programs from your credit union



Credit Scoring

- Commonly used to determine rates and availability of credit
- FICO scores range from 300-850
 - Based on credit history as a prediction of risk
 - Higher score represents less risk to lender

Improving Your Score

- Pay consistently on time
- Limit number of open accounts to 2-4
- Keep balance significantly lower than limit
- Do not transfer balances frequently
- Limit number of credit applications



Staying on Track

- Visualize success – What does a debt-free life mean to you?
- Stay organized
 - Bill pay programs
 - Set aside specific time to pay bills and review finances
- Monitor your progress.
- Reward yourself along the way.

Thank You

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