

Size Up Your Situation	
Use this set of guidelines to see how you compare in your debt management. Remember though, these are just guidelines and statements of debt management; they aren't meant to make a judgment on where you stand.	
Guideline	How Do You Compare?
Maintain a credit score of 700 or more to show good credit management.	I meet this guideline: Yes No
Know how long it will take to repay debts making monthly payments.	I meet this guideline: Yes No
Know the total amount to be paid over the life of a credit obligations (how much you borrowed vs. how much you will pay overall).	I meet this guideline: Yes No
Know the costs associated with making monthly payments, such as fees and interest.	I meet this guideline: Yes No
<p>Maintain a debt-to-income ratio of less than 20 percent (not including mortgage debt).</p> <p>Example: Total monthly consumer debt payments (\$400) ÷ Monthly take-home pay (\$2,500)</p> $400 / 2,500 = .16$ <p>Move the decimal point two places to the right to get the percentage:</p> <p>Your debt-to-income ratio is 16%</p>	<p>My total monthly consumer debt payments:</p> <p>\$ _____</p> <p>Divided by</p> <p>My monthly take-home pay (after taxes):</p> <p>\$ _____</p> <p>Move the decimal point two places to the right to get the percentage:</p> <p>My debt-to-income ratio:</p> <p>_____ %</p> <p>I meet this guideline: Yes No</p>

<p>Spend under 43 percent* of take-home pay each month on fixed costs (expenses that don't change month to month).</p> <p>This would include debt plus utilities, gym memberships and any subscriptions such as cable, Internet, etc.)</p> <p><small>*According to the Consumer Financial Protection Bureau (CFPB), borrowers who spend more than this are more likely to run into trouble making monthly payments.</small></p>	<p>My total monthly fixed costs (regular bills):</p> <p style="text-align: center;">\$ _____</p> <p style="text-align: center;">Divided by</p> <p>My monthly take-home pay (after taxes):</p> <p style="text-align: center;">\$ _____</p> <p style="text-align: center;">Move the decimal point two places to the right to get the percentage:</p> <p style="text-align: center;">_____ %</p> <p>I meet this guideline: Yes No</p>
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Analyze Your Circumstances

Note: Keep in mind that it really doesn't matter right now if you answer yes or no to the following items. No one is judging your debt management, and most of us can use some help in certain areas. This is just for your own awareness.

In the past year, have you ...	Choose your answer	
Missed payments or made late payments?	Yes	No
Been denied credit?	Yes	No
Overdrawn your checking account more than three times?	Yes	No
Borrowed money to pay other debts?	Yes	No
Made only minimum payments on credit bills?	Yes	No

Received calls from credit collectors?	Yes	No
Borrowed from retirement accounts or credit cards to pay monthly bills?	Yes	No
Taken an extra job to cover regular monthly bills?	Yes	No

Make Your Credit and Debt Plan

Write out a few personal guidelines you will follow when considering whether or not to use credit. Include any self-imposed rules and habits you can apply as you take on credit. For example, you might set intentions to “Charge no more than \$200 on credit cards each month” and “pay credit card bill in full to avoid paying interest.”

My Credit Guidelines: