



How to Get OUT OF DEBT

**It's tough to pay off our obligations.
But go back to the root of the problem,
be willing to pay, and take it one step at a time**

WILL tell you for a fact that getting out of debt is just like losing weight. Who among us wants to lose weight? Let me ask you. When did we gain weight? Was it overnight, after we ate? Of course not! It could have been the accumulation of the food we ate over a period of six months or one year. It's a slow process. It takes time. If we want to lose weight, it cannot be done overnight.

Debt is like that in many ways. If you have accumulated debts through the years, it means that in order for you to disaccumulate it or pay it off, it will also take time. Paying off your debt is a slow process.

Like those people who lose weight, those who lose fast put it back fast because they tend to celebrate with their little victory by eating more again. That is why being conscious of the process is very important. We should not be in a hurry. When you are trying to lose weight and keep it off, health experts say we need to do two things: decrease your caloric intake and increase your physical activity. A similar strategy also works when you are trying to lose a lot of debt. You can either decrease your spending or

increase your income. Often you have to do both because you can cut only so much.

Getting out of debt is not fun, I tell you. In fact, it can be a painful process. Some people come to me and ask me, "Chinkee, how can I get out of debt? I don't think you understand how much my debt is." Maybe your question is "How in the world can I pay off my debt?"

Well, I may not understand how much debt you have, but I have great news for you. You can be on your way out of debt before you finish reading this book.

It is the Willingness to Pay That Matters

In paying off your debt, it is not the amount that is more important. The real issue is your willingness to pay your debts.

I will share another person's testimony. He was in business in the early 90's, not really a good time to be in business because of the series of coup d'état attempts. Because of the coup attempts, he was in debt and his business went bankrupt. Do you know what he did? That person was probably earning P30,000 a month. Now, what he did was pay half of what he was earning to his

creditors. He did not pay everything to a single person. What he did was to divide his budget among his creditors. He went to the people he owed money from and diligently paid P500 or P1,000 every single week faithfully.

After doing it for several months, around six months, his creditors took pity on him. You know what they told my friend? The creditors said that because they saw his heart, his sincerity, and his commitment to pay, they were willing to slash the interest rates. Some even told my friend that they were willing to forego the interest expense and that he could pay the whole debt in lump sum when he had the money. Others even told him that they would forget about his debts because they saw his sincerity.

All those favors came because his creditors saw my friend's willingness to pay. So I would suggest that if you are in debt right now, just pay back your creditors. Regardless of how much you owe, whether it is P10,000 or P100,000, pay them back every month faithfully no matter how small the amount may be. If they see your willingness to pay, maybe God can also move into the hearts of these people and also help you overcome your financial situation.

Steps to Get Out of Debt

If you are really serious about getting out of debt, there are practical steps that we can apply. I created an acrostic on the word DEBT.

D FOR DECIDE

It must come to a day of decision. Make a decision that you will get out of debt. But before the day of decision comes, ask yourself some questions. Are you disgusted with your situation? Do you have nightmares over your debt? Can you go out without turning your head to see if your creditors are behind you? If you are sick and tired of that kind of lifestyle, then it is time to make the decision that from this day forth, "Enough is enough. It's time to be debt-free."

When we talk about decision, it is not based on emotions and feelings but on the choices that you make. In 1999, I married my beautiful and loving wife. But like most people who have been married for quite sometime, I must admit that there are days when I wake up and don't feel any love for my spouse, especially when we just had a misunderstanding or argument the previous night. What if you've lost that loving feeling? Does that mean it's time to call it quits? Not at all. That is the very reason why the minister says, "For richer and for poorer. In sickness and in health. Till death do us part."

Love is not based on an emotion or a feeling but on the decision we made when we exchanged our wedding vows. It is a lifetime commitment, no matter how uncomfortable it may be. We must face the music no matter how hard it may be. Likewise,

I believe getting out of debt is a choice we make through a decision of our will. It is saying "no" to one's self. If I cannot afford it, I will wait and be patient. If my time has not come, I will not force it. I will never allow the spirit of consumerism to tempt and influence me. So make the decision today and it will change your life forever.

E FOR EMPTY ALL YOUR SAVINGS ACCOUNT AND LIQUIDATE YOUR ASSETS

It is better to empty all your savings accounts to pay your debts than to keep your savings and earn much less compared to what you would pay in additional interest expense. This is the best form of investment. But if savings are not enough, it is time for you to look at what you have and start to liquidate some of your assets. Look inside your house. Are there assets you can sell? Jewelry or a flat-screen TV perhaps? Anything that you can dispose to pay off your debts.

B FOR BE FAITHFUL IN PAYING YOUR DEBTS

We have to be faithful in paying off our debts even in small amounts. If your debt is P100,000 and you are earning a monthly income of P25,000 per month, You have to make a

Deal With the Root of the Problem

Again, deal with the root of the problem—the attitudes and bad habits that led to indebtedness. Getting in bondage in debt is more of an attitude rather than a physical fact. Have you been approached by a friend who wants to borrow money from you? I will tell you, you have to be discerning. When I say discerning, you have to be wise and try to understand your friend's situation. Does this friend of yours have an urgent need or an emergency on his hands or is it just a recurring problem? Does he keep coming back to borrow money from you? Sometimes they are so used to it that they even forget they have borrowed from you and have not paid you back. If the answer is yes, then chances are he has a root problem.

However, if we consistently help those people with money problems, they will also consistently come back for more. How many of our friends or even brothers or sisters are in a debt trap and cannot seem to get out of it? Our loved ones know for a fact that if they need money we will be there to give in to their requests, demands, and sometimes threats. So they will live their lives carelessly and will not be conscious of

the consequences of their decisions. Because at the back of their minds, you are there to bail them out. Have you also experienced that there are times you just do not have much and cannot help them out? If you do not help them with the money they asked for, they start saying unpleasant things against you as if you are Mr. Scrooge. These people feel as if the whole world owes them something. Does the situation sound familiar? Sometimes, they would even go to the extent of blaming others for their predicaments. Someone once said, "You are either part of the solution or part of the problem." If we intend to be part of the solution, we have to stop the source of the problem, and sometimes the source of the problem is us.

Tough Love

If we are serious in helping our friends and relatives, if the borrowing is habitual, we have to implement tough love. We have to do it! Tough love is an expression used when someone must treat another person harshly or sternly in order to help them in the long run. For example, genuinely concerned parents refusing to support their drug-dependent child financially

until he enters drug rehabilitation program would be said to be practicing tough love. We have to bear the pain if we really want our loved ones to change.

Just like the story of the prodigal son, we are too much focused on the situation of the prodigal son, but we fail to focus on the father. I am pretty sure that the father knows what is happening to his son to the point that he is already eating pig's food. Despite that, he never asked one of his servants to anonymously give him some money and never asked his friends to help his son. Some call this tough love, because the father did not chase after the prodigal son. The father waited until the right time came, until the son realized his faults and acknowledged that it was his responsibility why his life was a mess. He wanted to go back to his father to ask for forgiveness. Then we know what happened next, the father accepted him with open arms and even threw a feast on his behalf because he knew his son learned his lesson and repented. We need to also learn from this story. There are times we have to also exercise tough love to our loved ones in order to allow God to also work in their lives.

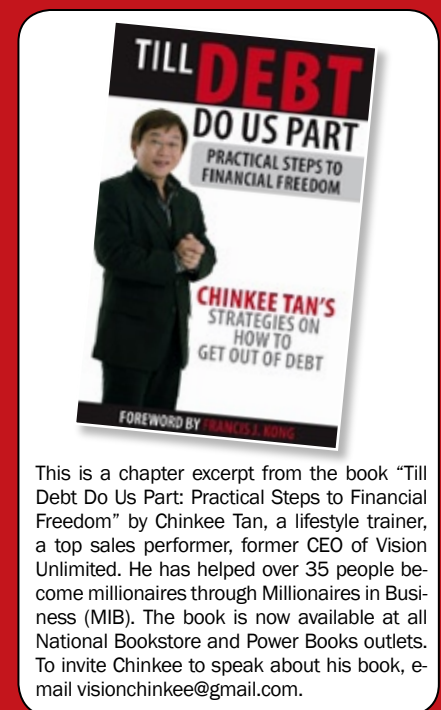
decision to set aside an amount to pay your debt. If you can only afford P3,000 a month, be faithful in going to your creditor and pay him consistently. It is better to pay off your debt slowly rather than tell them that we are going to pay them back once we have the full amount. Again, the issue is not the amount that you are going to pay but the willingness to pay.

Just a side note, do not incur more debts while paying off another debt. Don't ever commit the mistake of borrowing money from another person to pay your original debt and then again go through the same process. This month, you borrowed from friend A to pay friend B. Then next month you borrowed from friend C to pay friend B, so on and so forth. Simply put, if you borrow money to pay off the debt of another debt, the cycle will never stop. Don't incur more debts while you're trying to pay them off.

T FOR TOTALLY REVERSE THE PROCESS

We got into debt because of overspending. Now it is time for us to get out of debt by under-spending. There are lots of practical ways to cut down on our expenses, such as drinking water instead of juice, bringing lunch boxes instead of eating out, renting a DVD instead of watching a movie, etc.

Every time you save money, calculate it and set it aside for savings. You will be amazed at how much money you can save by changing your spending habits. Remember, do not start spending your savings. Use it to invest or start a small enterprise. Make it grow and you can be debt-free and financially stable in no time.



This is a chapter excerpt from the book "Till Debt Do Us Part: Practical Steps to Financial Freedom" by Chinkee Tan, a lifestyle trainer, a top sales performer, former CEO of Vision Unlimited. He has helped over 35 people become millionaires through Millionaires in Business (MIB). The book is now available at all National Bookstore and Power Books outlets. To invite Chinkee to speak about his book, e-mail visionchinkee@gmail.com.