



## Gaining Insight: Navigating debt consolidation & understanding the mortgage process

See how far the right information can take you

SPENDING WITHIN YOUR MEANS: A TIAA FINANCIAL ESSENTIALS WORKSHOP



# Manage debt more effectively. You owe it to yourself

## Spend wisely

Debt can be a financial tool that needs to be managed wisely. You should think twice before making a significant purchase. Is the item something you need, or just want? Is it within your means or is it going to prevent you from achieving other financial goals? Making smart and disciplined decisions about debt right now could pay off in a healthier financial future.

## Document your debt

In order to identify the impact debt is having on your personal finances; figure out your debt-to-income ratio (DTI). Here's the formula:

$$\frac{\text{Recurring monthly debt}}{\text{Gross monthly income}} = \text{Your DTI}$$

The lower your percentage, the better you're doing with debt.

## Dealing with debt now

Debt consolidation is a potential strategy for getting your current debt under control. Taking out a low-interest loan in order to pay down several other high-interest debts in one monthly payment makes sense, but only if it coincides with a change in spending behavior. Focus on paying down debt and not sacrificing things like an emergency fund or retirement savings which will help your financial future.



## Helpful tips to stay on budget

Now that you know exactly what you're spending and where each month, here are some tips to help you track and control where your money goes.



### Only carry one credit card.

Make sure it has a low limit and leave the rest at home or in a secure place.



### Use rechargeable cards.

For instance, if you budget \$30 a month for your coffee habit, get a gift card for yourself at the beginning of the month. Once that card is empty, you've reached your monthly limit.



### Negotiate your rates.

If you're struggling with credit card debt, call the credit card companies and ask for a lower rate to help you pay them off.



### Keep a record of what you spend to see if you have any habits you need to break.

You may even find opportunities to cut one expense to help fund something you want more.

TIAA is here to help.

Call 800-732-8353 to schedule a one-on-one session with a TIAA Financial Consultant.

Schedule online at [TIAA.org/schedulenow](https://www.tiaa.org/schedulenow)



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