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Getting Out Of Debt Need Not Be An Impossibility

Getting out of debt should not be viewed as the impossible dream because anyone with a plan and commitment to financial freedom can get out of debt. The first step towards financial freedom is developing a financial freedom mindset. Spend time thinking about how great it will feel to be completely deficit free rather than worrying about paying next month's minimum credit card payment.

Many people start to invest money prior to eliminating their deficits but this is not the best financial strategy because deficits limit one's ability to achieve financial freedom. The best way to invest is to first invest in paying credit card balances off, auto loans, and even mortgage loans. But before paying credit cards off and other deficits start building an emergency fund.

Build an emergency savings fund of at least five hundred dollars, preferably one thousand dollars, which will be used instead of a credit card in case of an emergency. Once the emergency savings fund is in place start to pay off the credit card balances one at a time. Start with the card with the lowest balance by sending in as much as can be afforded each month from one's household budget.

Once credit card debt is paid off it is time to start paying off the house mortgage. Many people believe that because they have a thirty year mortgage that they have to take thirty years to pay off their house. But the longer one takes to pay off his mortgage the more finance charges he will pay when that money could be placed in a savings account.

Most people, if given the choice, would rather keep their money than give it away to the bank. But this is what people do; they give their hard earned money to the bank, by taking thirty years to pay off their mortgage. Start paying off the mortgage early by sending in a payment each month to pay off the principle of the loan in addition to the regular house payment.

Once all credit cards, vehicle loans, and all other deficits have been paid off it is time to invest. Start investing in a Roth IRA because the Roth IRA has advantages that other IRA plans do not have. Save at least fifteen percent, preferably twenty percent of the annual household budget in a Roth and let the money grow.

Getting out of debt does not have to be a gigantic undertaking but eliminating debts will only happen through concerted effort. Start by building a savings fund that will be used in emergencies instead of relying, like most people, on credit cards for emergencies. Start to pay off the lowest debts and once the lowest debts are paid off move on to the next financial obligation and build the momentum towards financial freedom.

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