Get Into Your Debt Details

Don't get overwhelmed by the number of columns on the following table.

You've already figured out what goes in the first three columns in step 2 with the *Debt-to-Income Ratio* worksheet. So just transfer that information below. Only this time organize your list in order of highest to lowest interest rate.

Next let's fill in the following two columns:

- **Secured or Unsecured**
- **Flexible or Inflexible Payment Schedule**

1. Is this secured or unsecured debt?

First the easy part: Credit cards are unsecured debt. If you get behind on payments, the bank and its bill collectors will remind you relentlessly. But that's really all they can do to you when the debt is unsecured. In general, any loan for which you put up some kind of "collateral" is a secured loan. The most common types of secured debt are home mortgages and car loans. If you violate the terms of these loans, the bank can come looking for your house or car, take possession, and sell it to recoup their losses.

☐ **to-do:** Go through your list of debts on the *Get to Know Your Debt* worksheet and mark each with an "S" for secured or a "U" for unsecured.

2. How flexible is the repayment plan?

The ultimate in flexibility is the credit card. You only have to pay a tiny "minimum" each month (though we hope you gather that we caution against paying this way). Sometimes student loans have flexible repayment options too, such as the ability to suspend payments for a few years if you go back to school. Installment loans, like home or car loans, are on the other side of the flexibility spectrum. Unless you refinance the loan — write out a whole new contract — you more or less have to make the required payments on time, without excuses.

☐ **to-do:** Go through your list of debts again. This time, mark the flexible ones with an "F" and the inflexible ones with an "I" in the final column. Leave the "negotiated interest rate" column and the last two columns blank for now — we'll get to those in the next two sections.

GOAL

GET OUT OF DEBT

WORKSHEET 2 OF 4

Get to Know Your Debt

Motley Fool Green Light

Card /Loan	Amount owed	Interest rate	Negoti-ated Interest rate *(if any)*	Secured / unsecured S / US	Flexible / inflexible payment schedule F / IF	Number of months until paid off	**Monthly pament due** *(total owed ÷ months until paid off)*