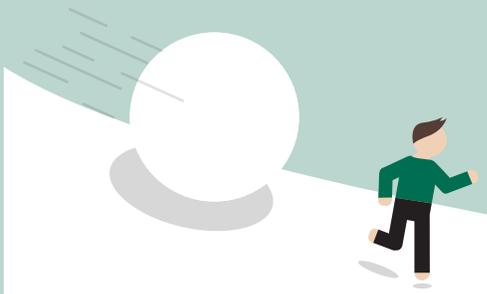


# HOW TO MAKE SURE DEBT DOESN'T SNOWBALL ON YOU



Avoiding debt is easier said than done. Sometimes, no matter how careful you are, life happens. Your home's HVAC system goes kerplunk at the same time your car needs an expensive repair, and just like that, you're knee deep in debt. While unplanned financial valleys will happen, you can make sure they don't snowball into a mountain of debt by taking some of the advice below.

## KEEP IT BALANCED

It's fine to use your credit cards. After all, they help improve your credit score and give back rewards. However, if you're failing to pay off the balance each month, you could find yourself falling down a deep debt hole. Only charge on your card what you can safely pay off at the end of the month. Interest fees can increase that balance quickly, and using too much of your available credit can hurt your credit score (keep your credit utilization at 30 percent or less).

## BUDGET RIGHT

As USA Today reports, a budget is only good if you can stick to it. If you're having trouble maintaining your budget, it's time to revise it. The last thing you want to do is accumulate debt simply because you haven't revisited your budget in months or years.

## FULL EMERGENCY

One way to effectively handle unexpected debt is to use your emergency fund. This is an account (when it's fully funded) that is packed with six months of living expenses. It's designed to help you deal with financial emergencies, like a leaky roof or employment loss. If your fund is nonexistent, you can bet more debt will be close behind that initial hit. Stock up your fund by trimming the fat from your budget that you just revised, and funneling the extra cash into that emergency account.

## CHOOSE WISELY

Student loan debt is something that typically can't be avoided. However, you can do your best to minimize it. Apply for grants and scholarships first — and choose your school based on value as much as anything else —, so that the amount of the loans you take out are minimized.



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