



THE AGUIAR GROUP

MAY 2010

Controlling debt

A credit score is based on your bill-paying history, debt profile, and other statistical information. Lenders use this to determine the likelihood of certain credit behaviors, including whether you will pay on time.

- **Understand good debt vs. bad debt** – Borrowing for a home or college usually makes good sense as long as you can afford to pay it back. Do not use a credit card to pay for things you consume quickly, such as meals and vacations. Instead, put aside cash each month for these items so you can pay the bill in full.
- **Get a handle on spending**— Most people spend thousands of dollars without much thought to what they're buying. Write down everything you spend for a month, cut back on things you don't need, and start saving the money left over.
- **Pay off highest-rate debts first**— First pay down the balances of loans or credit cards that charge the most interest while paying at least the minimum due on all your other debt. Once the high-interest debt is paid down, tackle the next highest, and so on.

Important Dates

May 9 – Mother's Day

Take this day to tell the mothers in your life how special they are to you!

May 15 – Check your budget

Are the budgeted figures close to actual spending? Does anything need to be adjusted?

May 31 – Memorial Day

Honoring those who have served our country.

Note to Self:

Expect the unexpected—Build a cash cushion of 3-6 months of living expenses in case of an emergency.

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