



ACCELERATED DEBT REPAYMENT:

Accelerated Debt Repayment programs are one of the principal preventative services offered by Make A Way.

In order to ever achieve financial prosperity, the essential basic element is to get out of debt and to stay away from indebtedness forever thereafter. Here are the basic steps for achieving a debt-free lifestyle:

- Make an irreversible decision for your home to get out of debt. You must first decide to do it!
- Prepare a Family Budget (see the section on Budgeting for the Family) to determine the amount you have available for monthly payments toward your Debt Repayment Program.
- Husband and wife should develop the Family program together and be in agreement
- Stop using credit cards! Cut them up if necessary! If you run short of cash, find it in your Family Budget instead of using credit.
- Make Debt Repayment a top priority for the family.
- Christians who are under the Lordship of Jesus Christ should be tithers and givers. The Biblical principle of giving in order to receive will work even for non-believers.
- Implement a repayment program designed to accelerate getting you out of debt as early as possible.

There are many ways to set up an Accelerated Debt Repayment Program. The computer at the *Make A Way* office alone has seven different approaches and there are many others. Presented below is a relatively simple approach that you could try yourself. **Or you can contact the *Make A Way* office for a more comprehensive analysis costing approximately \$50.00.**

DEBT REPAYMENT ACCELERATOR PLAN:

The first step is to prepare a Family Budget (see the previous section) which will define the total amount of **Surplus Cash** available to pay creditors. Be tough and frugal in coming to the very maximum amount that you can afford to pay your creditors. Look for money everywhere! You must be able to come up with a positive number for the Surplus Cash Calculation.

And you must stop accumulating additional debt in order for any program to progress.

Then, gather all your bills together and make a list that contains each creditor name, the total outstanding balance for each one and the corresponding monthly payment **minimums**. Subtract the total of the monthly payment minimums from the available **Surplus Cash**. The resulting number is called the **Accelerator**.

Next, for each bill, divide the total balance owed by its respective minimum monthly payment. This yields a **Priority Index** for each bill. Then, arrange/list all your bills from lowest **Priority Index** to highest. This arrangement results in the order in which you should pay off all your bills with the bill at the top (having the lowest **Priority Index**) being the bill with the highest priority down to the lowest priority on the bottom of the list.

As the final step, add the full **Accelerator** amount to the monthly payment minimum at the top of the priority list and do that every month until it is paid off. All the other bills receive just their normal minimum monthly



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payments. When the top priority bill is paid off, calculate a new Accelerator by adding the monthly minimum of the bill you have just paid off to the old **Accelerator**. Then move this new **Accelerator** down to the second bill on the priority list adding it to the normal minimum payment you are already paying. Continue moving down the list in this manner applying an increasing **Accelerator** to each monthly minimum. You do not care which accounts have the highest interest rates because the approach is so accelerated, there is no significant difference with a prioritization by interest rates.

Debt repayment acceleration is a key ingredient for any plan to free your family from indebtedness. Call the *Make A Way* office if you have questions or would like to have your repayment plan generated by the computer.