UT Extension
SP709-A

Tools for Money Management

Creditors List Instructions

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At a glance...

This money management tool provides space for you to list your creditors. Use these instructions with the Creditors List Worksheet (UT Extension publication SP709-B).

What this money management tool can do for you...

Your Creditors List will help you:

- Gather all your credit information into one document.
- Review your credit accounts.
- Total how much you owe.
- Prepare to make a plan for repaying or reducing your debt. (See "Debt Repayment Plan"instructions and worksheet, UT Extension publications SP710-A and SP710-B.)
- Prepare to complete a net worth statement. (See "Net Worth Statement" instructions and worksheet, publications SP612-A and SP612-B.)

Tip

To determine monthly payments for a credit card account, divide the total amount owed by the number of months you would like to have the debt paid.
Of course, you'll need to stop putting charges on the account!

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Use the accompanying worksheet (SP709-A) to list your creditors.
You may need more than one copy.

Step 1. Assemble information on all your debts. For each debt, you will need :

- Creditor's name, address and phone number. (E-mail and Web site addresses can be helpful as well.)
- Account number
- Annual percentage rate (APR)
- Monthly payment
- Account balance
- Date of last payment
- Number of payments remaining

Step 2. Transfer the information above to the worksheet. If you have missing information, try to find it by thoroughly reading any papers you have about that debt or contacting the lender by phone.

Step 3. To find out the amount you owe, total the amounts in the "Account Balance" column. To find out your monthly total debt payments (needed to determine your debt-to-income ratio) total the amounts in the "Monthly Payment" column.

Debt: How much is too much?

The proportion of your monthly take-home pay that you have to commit to paying off non-mortgage debt is called your debt-to-income ratio. Financial experts recommend that your debt not be greater than 20 percent of your income. Use these instructions to find out where you stand:

Total average monthly debt payments (see list below) _____

Divided by

Monthly take-home pay _____

equals

Debt-to-income ratio _____

Total average monthly debt payments include :

- vehicle loans
- personal loans
- credit card debt
- home equity loans, unpaid medical or other bills
- loans from family and friends
- student loans
- child support payments (including any past-due payments)
- legal judgments
- late tax payments
- any other debts (but not including mortgage, rent and utilities except for amounts past due)

Definition

Monthly take-home pay is the amount left from your total monthly income after the following deductions :

- Federal Income Tax
- FICA
- Social Security
- Retirement/401(k)
- Health and life insurance premiums

Example:

Total average monthly debt payments $400

Divided by

Monthly take-home pay $2,000

equals

Debt-to-income ratio 20%

($400 ÷ $2,000 = .20 = 20%)

Rule of thumb for consumer debt :

Less than 15%	Comfortable
15 - 20%	Caution
More than 20%	Danger

Tip

Experts also recommend that your monthly mortgage payment not exceed 30 percent of your gross pay (monthly income before paycheck deductions).

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