

Debt Test Worksheet



DEBT DANGER SIGNALS

Warning signs of overindebtedness appear long before creditors start sending collection notices. Answer the following questions to help determine if you are managing debt appropriately.

- | | Yes | No |
|--|--------------------------|--------------------------|
| 1. Are you borrowing to pay for items you once paid for with cash? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Is an increasing percentage of your income going to pay debts? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Are you paying bills with money reserved for something else? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Are you taking money from savings to pay current expenses? | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Is your emergency fund (which should equal 3-6 months of basic living expenses) inadequate or nonexistent? | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Do you pay only minimums on your revolving charge accounts? | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. Are you making payments in 60-90 days that you once made in 30? | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. Are you near or at the limit on your credit cards? | <input type="checkbox"/> | <input type="checkbox"/> |
| 9. Do you take out a new loan before the old one is paid in full or take out a new loan to pay an existing loan? | <input type="checkbox"/> | <input type="checkbox"/> |
| 10. Do you take out payday loans before you receive your scheduled pay? | <input type="checkbox"/> | <input type="checkbox"/> |
| 11. Are you unsure about how much you owe? | <input type="checkbox"/> | <input type="checkbox"/> |
| 12. Are you chronically late in paying your expenses? | <input type="checkbox"/> | <input type="checkbox"/> |
| 13. Are you threatened with repossession of your vehicle, cancellation of your credit card(s) or other legal action? | <input type="checkbox"/> | <input type="checkbox"/> |

If you answered:	You are:	You should:
"No" to all questions	Managing debt well	Continue practicing good money management
"Yes" to any question 1-5	Getting out of control	Stop using credit until current debt balances are paid
"Yes" to any question 6-11	On the verge of trouble	Stop using credit. Develop a budget and debt payment plan
"Yes" to question 12 or 13	Probably overextended	Consult a financial planning professional now, before your financial goals become impossible to achieve

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