Instructions for Using Summary of Monthly Debt

Overview:
Understanding your debt rate (also known as debt-to-income ratio) is key to creating a strategy and action plan for reducing your debt, increasing your savings, and building assets. This tool provides a simple and direct way of calculating your debt rate.

Directions:

- Fill in the date: Since this form is a snapshot in time, it is important to fill out the date in the “as of” line. This worksheet can be completed on a regular basis, say on a quarterly basis, so that you can see the fluctuations in your debt and debt rate.
- List all your loans: In the boxes provided, write down the name of your loan and credit cards, one per line. Next to the name of the loan, write down the amount that you currently spend monthly on payments.
  Do not list mortgage payments.
- Add up your total monthly loan payment: In the box that says “Total Monthly Debt Payments” write down the total of all the monthly payments combined.
- Write down your Take Home Pay: Your take home pay is also known as your net income, or in other words the amount of money you take home after taxes.
- Calculate the Debt Rate: Once you have the total monthly debt payments, and your monthly take home pay, follow this simple equation to determine the debt rate, which will be represented as a percentage:

$$\frac{\text{Total Monthly Debt Payments}}{\text{Total Monthly Take Home Pay}} = \text{Debt Rate}$$

Your Debt Rate and Notes:
Ideally, the debt rate will be below 33% of your monthly take home pay. If not, the task is to reduce the overall amount of debt payments so that your debt rate also decreases. In the Notes section, write down any thoughts or strategies on how you can reduce the amount of monthly debt payments. Revisit this every few months to track changes in your debt rate.

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SUMMARY OF MONTHLY DEBT

AS OF: ______________________

NAME:	
LIST OF LOAN/CREDIT CARDS (EXCLUDING MORTGAGE LOANS)	**AVERAGE MONTHLY PAYMENT**
TOTAL MONTHLY DEBT PAYMENTS	**$**
TOTAL MONTHLY TAKE HOME PAY	**$**
DEBT RATE (TOTAL MONTHLY DEBT PAYMENTS/TOTAL MONTHLY TAKE HOME PAY)	**%**

Notes:

*THIS TOOL MEANT FOR EDUCATIONAL PURPOSES ONLY AND IS NOT MEANT TO BE FINANCIAL ADVICE