

Living a Debt-Free Lifestyle: An Expert Roundup

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By Steve Horton June 12,
2019

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There are many paths you can take to achieve a debt-free lifestyle. The road you choose depends on your life circumstances, the amount of debt you have, and what you are willing to do to achieve your goal.

Debt.com spoke to dozens of debt experts and asked them about their approach to becoming debt free. Check out their advice and their websites to help on your journey toward financial independence.

What steps should people take if they want to live a debt-free lifestyle?

Two Kids and a Coupon

Having paid off tens of thousands of dollars in credit card and student loan debt, my best advice to anyone and everyone is to **live below your means**. With all the credit offers and promotions, it can be easy to be tricked into borrowing more money than you need, and you can get into trouble fast.

Taking out a mortgage is a key example: we were approved for triple the amount we asked for, and Realtors® and lenders kept trying to push us towards more expensive homes and mortgages. However, we have stuck to our budget and got everything we need, and still can afford our house payment despite many job changes and layoffs over the years.

To get started tackling your debt, look for simple ways to cut expenses such as **using coupons** and cash-back apps for shopping. Consider cutting the cord on cable, and comparison shop for services like car insurance and cell-phone plans. Evaluate how you are using those services and make sure you are not overpaying for what you need.

Entertainment and meals can be a couple of the easiest areas to save, and it's easy to find fun and free things to do, and delicious meal options to make at home instead of dining out. With the extra you save, pay down your debt as much as you can afford, and stock away extra for a rainy day.

-Kim Ritter

The Frugal Girls

Don't think how much money you'll save at the end of each month. Instead... plan to save it all, and think about how little you can spend. This simple idea to reframe your thinking about money can really help you **get out of debt fast**, and supercharge your savings!

-Heidi Miller

The Penny Hoarder

Make a monthly budget, an annual budget, and a five-year budget.

You can't be debt free if you don't know what's coming in and what's going out. It sounds like a big project, but people who live on monthly budgets alone often don't plan for annual costs, like an annual membership renewal or property taxes. These are not unexpected expenses that your three-month emergency fund is intended for, so take a bigger picture look at your finances. If you know you're going to need a car in another two years, start budgeting for it now. Planning for bigger purchases and expenses in advance allows you to escape the debt cycle.

Recognize your weaknesses.

Where in your life are you most likely to overspend? Can you limit your exposure to the temptation? If you habitually overspend online, remove your credit card number from your account so it's tougher to click and buy on a whim. If eating out is draining your budget, make sure you have an appetizing array of food stocked in your pantry so you're not tempted to stop by a restaurant on the way home from work. Simply recognizing your pain points can serve as a reminder to close your wallet when temptations beckon.

Make more money.

At some point, after cutting everything you can from your budget, you'll either be living debt free or you won't be living. Cutting your life to bare bones can work temporarily, but it's not sustainable if you're sitting in an empty room eating dried beans every night. If your current income can't cover a realistic budget, consider either asking for a raise at work or finding a side gig to bring in additional money. The Penny Hoarder's Work from Home portal includes new opportunities daily for adding the income you need to live a debt-free life.

-Tiffany Connors

Money Crashers

Your best bet if you want to live a debt-free lifestyle is to get on a personal budget. The website Mint is a great resource, but there are others. Next, reduce your monthly bills as much as possible. There are plenty of ways to cut energy, grocery, water, TV, Internet, and smartphone bills. Use the Internet if you need help. Once that's complete you should find yourself with a surplus in your bank account, which should be directed towards any existing debt balances.

Consider reducing entertainment expenditures until you are debt-free as well. Stay on track by creating annual and monthly goals. Those are the tips for people currently in debt. For those that aren't in debt, there's really just one rule to live by. If you can't afford to pay for something in cash or have it paid off by the time the bill comes in, then you just can't afford it. In simplistic terms, it's called living below your means. Follow either of those two strategies, and you'll be certain to live a debt-free life.

-Andrew Schrage

The Frugal Navy Wife

We are all told to bring in more money or sell items to pay off debt. A little trick is to pick up free items off the side of the road, off Craigslist, and even sites like FreeCycle, and with a few minutes of work cleaning it, and sometimes small repairs, you can sell them and it's all profit. Add that money right to savings or to paying off debt.

-Danielle Leonard

Money Talks News

There are plenty of simple tips you can harness to live debt free. In fact, if you're reading this, you're undoubtedly already familiar with many. Things like automating your savings, **creating a budget**, paying extra on your debts, embracing coupons, avoiding Starbucks...yada, yada, yada.

But if you've already heard all this stuff, why aren't you already on a path to a debt-free life?

In a word, motivation.

Living debt-free requires change. Change requires rearranging your priorities by rewiring your brain. If you're not heading in the direction you want to go, your problem likely isn't instruction, it's motivation.

Where do you find the motivation to harness the tools you're already aware of? By wrapping your mind around the fact that debt is robbing you of the single most valuable thing you have: your time on this planet. The time you could spend doing things you want to do – the things that make you happy – rather than what you have to do, like working in an unfulfilling job.

As I said in my first book, Life or Debt: "Paying interest is trading your life for someone else's profit. So, make a decision today. Decide to either look rich now or be rich later. Because you probably won't live long enough to accomplish both."

-Stacy Johnson

Money Q&A

You've got to get rid of your credit cards if you want to live a debt-free lifestyle once and for all. If you've worked so hard to become debt free, keeping credit cards can still be a temptation even if you keep them just in case. Get rid of the temptation altogether.

-Hank Coleman

Doctor of Credit

I think the most important things to do are as follows:

1. **Create a realistic budget and stick to it.** Creating a budget is probably the most important step to remain debt free. Before starting, I always find it helpful to look at expenses from the last 2 to 3 months, as often you'll be surprised by how much you're spending on particular categories or old subscriptions you've forgotten about.
2. **Build an emergency fund for unexpected expenses.** If you have a healthy emergency fund, then this will help you from having to go into debt when something bad happens (e.g car breaks down, or you lose your job). The added benefit of this is that when something does happen, your stress levels will be decreased, as the financial hit won't be as bad as it otherwise would be.
3. **Only go into debt for large purchases (e.g home or auto loans).** Often, you'll see people go into debt for relatively minor expenses, and the long term negative financial impact can be a lot worse than it might at first look.

-William Charles

Personal Profitability

If you want to live a debt-free lifestyle, it's important to carefully track your income and expenses each month. If you have debt you are looking to pay off, follow the Debt Avalanche technique, focusing on the highest interest debts first. If you struggle juggling all the bills, look for financial big wins where you can save the most. That is usually things like housing, cars, and subscriptions like cable TV and your cell phone. Anything you can cut helps and even a few dollars per month adds up over time!

For example, I drive a 10-year-old car and have not made a car payment in eight years. At \$300 per month, that is \$28,800 in savings over eight years compared to someone who gets a new car every few years. I cut cable in 2011 and saved \$70 per month. At

that rate, I've saved over \$6,000 in the years since. I've also saved big by switching cell phone providers and car insurance companies. Look at your own recurring expenses to find the biggest places you can save. Then get on track to pay down your debt and keep it paid off. You'll be so happy you did.

-Eric Rosenberg

Jackie Beck

The most important step is to only spend the money you already have. The rule is that you can buy or do anything you want or need, so long as you have the money for it first. Building up an emergency fund and having enough insurance are key to making that happen. If you're already in debt and want to live debt-free moving forward, use a debt snowball as well so you can pay your existing debts off.

-Jackie Beck

Madam Money

Financial abstinence and financial protection are excellent tested actions to take towards a debt-free lifestyle. In my book "Financial Fornication," I discuss practicing financial abstinence by avoiding the use of credit cards while you are paying down debt.

Also, it is essential to practice safe financial habits and protect your lifestyle by using a budget or spending plan. A spending plan will help you make the best decision on how to redirect money that is spent on wants, to **pay off debt** and save more so you can enjoy your new debt-free lifestyle.

-Tarra Jackson

Crushed by student loan debt and worried you'll never pay it off? There is help available.

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Making Sense of Cents

The top step I recommend people take when paying off debt is to find a way to make extra money. The average person spends around 30 to 35 hours a week watching TV, and that can all be time to put towards making extra money. Even if you can just put half the time towards paying off debt, that's still over 15 hours a week where you can make extra money. And, there are many things you can do to make more money, such as finding a part-time job, starting a side business, taking on more hours at work (if you're paid hourly), and more.

-Michelle Schroeder-Gardner

Dividend Diplomats

Try to avoid debt, in the first place. See every alternative possible for auto, student and personal loans. However, if you have debt and want to be debt-free, try to refinance down to lower rates, to start. Next, pay down the highest rate first. Third, if the rate is for sure higher than all other savings rates and investment return potential, pay those down until completely finished. Debt can drag your life down and the goal is to try to rip those chains off as fast as possible!

-Dividend Diplomats

Trim

Pay a little bit more toward your credit card balances every month. Spend a little bit less on everything else. Lower your interest rate (**APR**) while you're paying it off. At Trim, we help folks with all three: automating payments, negotiating other bills, and negotiating your APR, too.

-Thomas Smyth

My Millennial Guide

In order to live a debt-free lifestyle, you should first get a grasp on how much you owe. The first step to becoming debt-free is to fully understand how much you owe and how you can pay it all back. You can use free online tools like Mint or Personal Capital to find out the full debt amount, and how much you should be putting away each month to pay off your debt. Knowing how much you owe is the first step towards becoming debt free.

Next, you'll want to work out a feasible budget and recalibrate your life in a way that frees up more cash for debt repayments. Prioritize your most urgent, high-interest debts and then figure out where you can trim your spending to pay these accounts off. Simple steps like not eating lunch out daily will save you thousands every single year, so leave no stone unturned when looking for savings.

As you get your spending and savings in check, you'll want to focus on maximizing your income. Explore avenues for maximizing your income as a way to pay off your debt. This can be as simple as renting out a spare room, finding side gigs, and other countless ways to boost your income. Do some research and see which ones work for you.

Once you have your budget in control and your debt is slowly being paid off, don't stop there! Look for other ways to save and be sure to monitor your progress as you go. It's always smart to make adjustments as you progress and start building your emergency fund.

-Brian Meiggs

oXYGen Financial

Don't succumb to lifestyle inflation. The absolute key is to make sure you save one-third of every raise you get, and you'll avoid having long term debt.

My other main tip is to never have more than two credit cards. This leads to less temptation and lets you keep a closer eye on debt.

-Ted Jenkin

Debt Discipline

Living a debt-free lifestyle is a simple concept on paper, but much harder to practice in real life. There are many pitfalls we encounter as we begin our financial lives and handle money full time. Things like not having a formal financial education, higher education cost, and not having a plan for our money.

Being successful at living a debt-free life takes a bit of planning, education, and self-discipline. The basic principle of living debt free is to spend less than you make. That can be a hard task in the modern world with social media highlight reels, and advertiser doing their best to separate you from your money.

Spending your money intentionally and on things that matter the most to you is a great starting point. Having some type of cash savings for the unexpected things life can throw at you is a close second. Finally, having regular check-ins on where and how your money is being spent may help prevent you from spending too much, and taking on debt. Ultimately it will be up to you and the behaviors you adopt when it comes to money and debt.

-Brian Brandow

Horkey Handbook

Basically, you'll want to inventory your situation by figuring out your budget (how much money comes in vs. goes out per month), get \$1,000 saved in a cash reserve account and **prioritize your debt** by type and interest rate.

Use any discretionary income (i.e. any surplus from your income minus expenses) to put towards your highest interest (or smallest balance) debt and pay the minimum amount on the rest. When that debt is wiped out, continue on to the next one, applying the total payment you were making to number one's debt, plus the minimum payment of debt number two.

Lastly, start paying cash for ALLLL of the things. Stop purchasing things you don't have the funds for and save up money to buy a new (to you!) car, rather than financing this year's model. If you pay cash, you don't have to have comprehensive vehicle insurance coverage either, plus your annual taxes will be a heckuva lot less!

-Gina Horkey

Family Money Plan

If you are wanting to live a debt-free lifestyle then it's important to know why you want that life. Because a debt-free lifestyle has two parts. The first is becoming debt free, that can take time to get there and has been written about a million times. But once you are there (debt free) you have the second part which is living debt free. That can be a lot harder than it sounds.

Living debt free means that you have to make choices to only buy what you can afford. So if your car goes, then you have to repair it instead of buying a new one. It also means that you are consciously choosing to delay buying things until you have the money saved up in full. Which means you need to be patient. Living debt free requires planning and thinking beyond the day-to-day. You need to start thinking of your upcoming needs and be saving for them on an on-going basis. Otherwise, you can find yourself back in debt.

It's a different mindset, but it's worth it.

-Andrew Daniels

Sure Dividend

Becoming debt free is a result of just 2 factors:

1. Your income
2. Your expenses

To live debt free, it helps to think of your financials like a business. Your income simply must exceed your expenses. The specific steps to take to achieve this are to first get an idea of where you are. Write down your monthly income and average monthly expenses. Then see how much money you have left over to pay down debt each month. If there's nothing left over, you must either focus on raising your income through side hustles, overtime hours, or other means.

Or, you can focus on reducing your expenses. Then, pay off your debts, starting with the debt with the highest interest rate. And once you are debt free, the journey to true financial independence through investing for passive income begins.

-Ben Reynolds

Financial Best Life

The key to staying debt free is saving for purchases — both big and small. An emergency fund is obviously a must, but I like to recommend smaller savings accounts (like the ones offered through automatic money saving apps) to help fund larger

purchases, like a vacation or new TV, in cash.

-Lauren Bowling

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Freedom is Groovy

It all boils down to habits. And the very first habit you must incorporate if you want to live debt-free is tracking your spending. And I mean every last cent. No expense is too trivial—even that candy bar you occasionally get at the vending machine at work. Everything. It's very hard to live debt free if you don't know where you're hemorrhaging money. A tracking spreadsheet, such as the Groovy Expense Tracker, is thus a great tool to curb frivolous spending and help you live within your means.

The second habit you must incorporate if you want to live debt-free is stopping at enough. For instance, when I was in college, I would routinely hit the campus bars and get drunk. It never occurred to me that I didn't need ten beers to have a good time. It wasn't until I was in my 30s that I realized that two or three beers were enough. Well, the same applies to personal finance. Do you really need the latest iPhone to make phone calls and send text messages? Or will a \$50 smartphone from Walmart be enough for the job? Always be asking yourself, "What is enough?" "What is the bare minimum I need to accomplish what I want to accomplish?" And then simply default to "enough" when you're making your spending decisions. A great trick I use to stop at enough is something I call the half-normal challenge. Just research what the normal American spends on something and then spend half or less on that particular something.

Finally, if you want to smite your debt and remain debt free, you need to act like your job is going away. A job loss is catastrophic when it comes to personal finance. Suffer prolonged bouts of unemployment and it will be impossible to live a debt-free life. So be a little scared. Assume your company or industry is going to take it on the chin in the next year or so and you will be downsized. Keep learning. Keep improving your job skills.

-Mr. Groovy

Money Manifesto

Living a debt-free lifestyle is very freeing and worth the sacrifice it takes to get there. If you want to live a debt-free lifestyle, you need to take a close look at your life and examine your values and priorities first.

Most people say you need to look at your income and expenses first, but I find looking at values and priorities first gets you in the right mindset before you look at your finances. Once you know what your values and priorities are, it makes choosing how to optimize your expenses much easier.

Chances are you didn't say you valued or prioritized having a brand new car but instead valued time with family. When you see that one of your biggest expenses is your monthly car payment, you're more likely to realize that the car payment isn't helping you focus on your values. You could get a cheaper but reliable vehicle, instead, and spend the difference getting out of debt so you can spend more time with your family.

Go through all your expenses and cut the ones that don't help you focus on your priorities and values. Then, take that money and apply it to extra payments on your debt to accelerate your journey to freedom from debt.

Getting out of debt can be overwhelming, but we've put together a series on Money Manifesto to help you figure out how to get out of debt when you don't know where to start.

-Lance Cothorn

Women Who Money

1. Determine your needs versus wants for both today and the future.
2. Track expenses and establish a budget or spending plan to address those needs, paying particular attention to the big three items – housing, transportation, and food – while spending less than you earn and saving the difference.
3. Establish an emergency fund and use it only for true emergencies.
4. Establish sinking funds to pay for expected expenses that are not part of the monthly budget, i.e., car repairs, annual insurance premiums, vacations, gifts, etc.
5. Avoid lifestyle inflation.
6. Save at least 15% for **retirement**.

-Amy Blacklock

Compounding Pennies

In order to live a debt-free lifestyle, you need to do one main thing.

You need to control your wants and needs. Too many times we mistake wants for needs and spend money that we don't have. Other times we try to keep up with others or show off our success and this gets us into debt. By controlling your wants and needs and making smart, rational decisions you can easily avoid getting into debt.

A way of helping with this is to track your spending. By having a budget and knowing where your money is going, you more easily avoid overspending.

-Jon Dulin

A Richer You

My #1 recommendation for living a debt-free lifestyle is to increase your income. You end up in debt when your lifestyle costs more than what you earn. To live a financially healthy and meaningful life, you should be able to invest 20% of your income, give away 10% of your income, and use the rest to afford your desired lifestyle — including paying off any current debt obligations.

Yes, you should consider reducing how much money you spend on your three largest expenses (typically housing, transportation, and food), but beyond this, the best use of your time is increasing your income. There are three ways you can increase your income:

1. **Find a higher paying job:** If you earn \$25 or less per hour, it's not unreasonable to assume you could double your salary in the next 5 years through either a promotion or your same job at a different company. This has happened to me and many people I know. Start preparing for this now by working closely with your boss to learn what they do, how you can better support them, and what would be required for you to qualify for their position. Additionally, update your resume and LinkedIn profile —and apply to a new job every week. Even if you aren't actively looking, you may find yourself with an interview for a great job paying more than you currently make.
2. **Embrace the sharing economy:** Rather than downgrading your house and car, consider turning these extra "luxuries" into moneymaking opportunities. [Airbnb](#) allows you to rent out spare rooms in your house. Turo lets you rent out your vehicle when you aren't using it. Services like these allow creative people to live the lifestyle they want without going into debt.
3. **Start a side hustle:** I've been able to make an extra \$100,000 over the last 5 years from my side hustles. I did this through writing blog posts, managing social media accounts, building my own websites, and investing in real estate (without much money). I've known other people who double their income by selling products on Amazon or Etsy, buying domain names, managing a lawn care service, or driving for Lyft/Uber in their spare time. Not only does a side hustle help you earn more money, but it gives you less time to spend the money you make!

By finding ways to make your time more valuable, you can decrease your debt while increasing your contribution to the world around you.

-Robert Erich

Mad Money Monster

The easiest thing you can do to live a debt-free lifestyle is to live below your means and avoid using credit cards. Now, I know living below your means doesn't sound nearly as flashy as having the latest iTrend or new clothes, but over the long haul, living a lifestyle you can afford can prove paramount in your overall wealth. Paying cash for the things that everyone else finances will set you apart from the crowd, and can even eliminate the emotional stress that often comes along with being deep in debt.

Obviously, it's not always possible to pay cash for everything. There are times when you might need to finance a necessity, like a car. But as long as you're smart about it, and don't buy more car than you can easily afford, you'll be far ahead of the curve. Living below your means and focusing on staying out of debt is a simple strategy you can adopt at any age, and can set you up for a lifetime of financial success.

-Lisa Harrison

Financial Mentor

A debt-free lifestyle requires 3 things:

- **Your “wants” must be less than your income:** That means learning to value experiences over stuff, and not falsely buying based on consumer-driven values. You need to get clear on what truly makes you happy and how it has little to do with spending. When you align your expenses with these deeper values it solves the overspending problem.
- **Track every penny you make and spend:** That which you track is what you improve. Ask two questions for every expense. (1) Is this taking me closer to my goals, or away from my goals? (2) Is this getting me the highest and best value for my money? The increased awareness around your spending caused by this tracking and questioning will automatically lower your spending with no willpower or self-discipline on your part. It naturally aligns your expenses with your goals and values while dramatically reducing wasteful spending.
- **Maintain a reserve:** Everyone has occasional setbacks. It could be a medical emergency, job loss, or the car breaking down. You must have a reserve fund to fall back on, so you don't go into debt whenever adversity strikes.

When you do these three things, you'll enjoy a permanently debt-free lifestyle!

-Todd Tresidder

FINancials

Create a strategic plan of where you want to be. This plan should include how much an individual wants to pay off in dollar amount each month, and how long it will take to reach the end goal. When you have numbers in place with a strict goal each month, it's much easier to stay on track and reach your goals.

The Busy Budgeter

Step #1: Figure out where you are now. You need to meet this situation head on.

1. **Add up your net worth.** The amount of assets you have minus the amount of debt you have.
2. **Categorize your spending. Track** everything you've spent for the last month to see how much you're spending and on what.
3. **Deal with your debt.** Figure out the interest rates on all of your debt and the total amount of your debt payments every month.

What could you buy if you weren't spending all that money on debt?

When we started this process, I was paying almost \$800 a month just for my minimum debt payments. The idea of having \$800 to blow on whatever I wanted every month was a significant motivator in paying off my debt.

Spoiler Alert: Once you pay off your debt though, you get smarter with saving and investing so it's unlikely that you'll end up blowing \$800 a month on shoes or fishing rods. But, there's no need to tell yourself that yet.

However, it's not just about knowing your numbers...

Step #2: Figure out the root cause of how you got into this situation.

Is your income too low to support the lifestyle you're currently living? Then you need to downgrade the car, the house, and your entertainment, or you need to increase your income. Sometimes you may need to do both.

Are you chronically disorganized? Or, do you technically make enough money so that you shouldn't have debt, but you find yourself constantly eating out and spending money because you don't have the time to cook at home or budget?

I focus on helping people who are chronically disorganized, so I can tell you that the key is learning how to automate your home routines and focusing on only the most important things. You want your lifestyle to start supporting your efforts to save money.

Once you look at your numbers and make a plan, you need to reduce your spending.

Step #3: Reduce your spending.

To give yourself the best results with the least amount of effort, focus your energy on reducing your spending in the following categories...

Food Spending: This is usually the largest chunk that you can cut back, but also one of the toughest if you struggle with meal planning and home routines.

Housing: This is another easy place to cut, but not always possible. For example, if you own a home but are underwater or if you have to wait for a lease to expire.

Vehicle: Like housing, this can usually reduce your monthly bills by a lot, but it's not always possible if your loan is more than your vehicle is actually worth.

We used a tax refund to sell our nice car, pay off the difference and then bought a cheap minivan for \$5k. It was the best decision, ever! We haven't had a car loan in 7 years.

Entertainment: This is another easy area to reduce your spending that can have a big impact. It includes things like your hobbies, and how you socialize. We learned how to have a really exciting life (in fact, significantly better than when we spent a ton of money on this) for a fraction of the price.

One of my favorite substitutions was when we stopped meeting friends out for dinner and drinks. Add up the babysitter, the dinner and the drinks... those evenings used to cost us \$100-\$200 a night!

Now we host game nights where friends bring their kids in pajamas and the kids have a pajama movie night (and even fall asleep here) while the grownups drink homemade mules and play games.

Games nights are so much better than those stuffy dinners and they cost us a total of \$15 for our share of snacks and mule ingredients.

Step #4: Make debt-free decisions.

Once you've got your debt paid off, it's easier to stay debt free by focusing on the big decisions.

Housing: Live in a house or an apartment a little under your budget, so you can spend the extra money to make it feel like home and still live comfortably.

Vehicles: Flip cars by finding great deals and then buying them with cash. Sell them after a year or two for the same amount you paid for them or, even a little more. Then upgrade to buy another.

We've done this for years and have essentially paid nothing to drive the cars, since we always sell for the same amount or more. Plus, we've had a lot of fun cars along the way like vintage Corvettes, Jurassic Park Jeeps, and fully loaded minivans with DVD systems.

There's so much info available on used cars today that you don't have to be a car buff to do this. Just use Kelly Blue Book to find great deals, cross reference a deal with Consumer Reports to look at common problems in that year and model, and then have

your local mechanic review the car and give you his advice.

When we first heard about living debt free, I think we had a preconceived notion that we would be sitting around every weekend counting our cash while life passed us by. In actuality, it's been the total opposite.

We have a significantly better and more fulfilling life now and the freedom to spend money on the things that matter to us.

–Rosemarie Groner

Super Saving Tips

Plan ahead. When you plan ahead for the things you know you will want or need, and put money aside each month for it, you are way more prepared for any situation. Planning ahead for financial needs is a big step in chasing after a debt-free life and the avoidance of debt now.

For an unplanned need or emergency, putting money away in advance and using it only for an actual emergency will prevent going into debt, even for the short term.

Finally, if you cultivate a sense of gratitude and appreciation for what you have, you are less likely to spend wastefully on things you don't need.

–Gary Weiner

Debt.com can connect you with a certified student loan specialist that can help you make a plan to eliminate your student loan debt!

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Three Thrifty Guys

If married, I suggest making sure that both you and your spouse are on board with a debt-free lifestyle. If one or the other is not interested, it will make the road much more difficult. Also, set a goal for yourselves and where you'd like to be in five or 10 years. Then, start tracking your income and expenses, making sure to include savings and investments as an "expense."

If you're single, setting a goal of where you'd like to be in five or 10 years is also helpful. Track what is coming in, and also include savings and investments as an expense.

I think it's also important to know why you're doing something. Ask yourself, "Why do I want to be debt-free?" Also, if you've always struggled with financial issues, there could be something deeper at play here than just self-willing yourself to debt freedom. It may be good to talk to someone you trust (who is wise with money and knows your situation), or even a mental health professional.

-Aaron Shepherd

Marriage Kids and Money

1. Create a Budget

The first step my wife and I took to eliminate our \$50,000 of consumer debt was to truly understand our monthly expenses with a monthly budget. Once we understood where our money was going, we became empowered to control it.

2. Craft a Realistic Plan for Eliminating Debt

Based on our current spending and our income at the time (around \$100k), we made a goal of becoming debt free within 1 year. This required us to live on around 50% of our income.

If living on 50% of your income feels too unrealistic, find the percentage that works for you. If you're able to live on less, you'll crush your debt faster.

3. Increase Your Income

If you're excited about becoming debt free, use that enthusiasm and find ways to increase your income. During our debt destruction phase, I was in a sales role and I was rewarded for selling more. With \$50,000 to crush, I used that as motivation to exceed my goals at work and make more money.

If you're not able to make more money at your 9-to-5, consider a side hustle that will net you some fast debt-crushing cash. Your extra effort will pay dividends down the road.

-Andy Hill

Sarah Titus

Several years ago, my ex-husband of 14 years of marriage abandoned me and my kids and we ended up homeless and in \$30k+ worth of debt. Today, I make millions of dollars online each year, still as a single mom! If I can do it, I am 100% confident, you can too! The very first step you should take is to start living below your means. Call your bills every single year to find out if there's a way to reduce them. Many times, you'll find out there IS! I still do this to this day. This year, I just ditched my satellite TV bill (\$102/month) for Netflix and Hulu. It saves me so much money! Once you get your bills under your income, begin creating an emergency savings account. Life WILL happen. Emergencies WILL come and you need to be prepared. First, shoot for \$500 in your emergency savings, then \$1,000, then 3 months of your living expenses.

During that time, look for opportunities online to make some extra cash. I've been making money online for over 21 years now! There are literally hundreds of solid ways to earn extra money. Put all the money you earn in your savings account and don't

touch it for anything but emergencies. After you have a good \$500-\$1,000 in savings, begin paying everything extra you can on your debt. Pick ONE bill (the lowest debt) to keep yourself motivated as you see debt by debt disappear. Work on the biggest debt last. Over time, as you practice these steps, you will become debt-free. It may take a while, you may mess up every now and then, that's okay. You're not looking for perfection, you're looking for progress.

–Sarah Titus

SuperMoney

If you are currently in debt, follow these steps:

1. **Take time to get a handle on your financial situation.** Find out where your money is going and set up a realistic budget.
2. **Reduce and simplify your interest expenses.** It may be a good idea to consolidate your debts if you have access to reasonable interest rates.
3. **Choose the best payment method for your situation.** Usually, this is as simple as pay as much as you can on the credit card or loan with the highest interest rate first.
4. **Make more money.** Consider getting a side job that will help you pay off more of your debts.
5. **If nothing works and you feel bankruptcy is the only option, get a free consultation with a debt relief expert.** Check your options before you make a decision.

If you are already debt free, these steps will help you stay that way:

Build an emergency fund.

Forty percent of Americans would have to borrow if faced with a \$400 emergency expense. Build a rainy-day fund so you can avoid getting into debt when the unexpected happens.

Settle for a cheap but reliable used car.

Buying a new car is a terrible investment. The value of a car drops 10% in the first month and 20% in the first year. After that, expect it to lose 10% per year. Paying interest to buy a new car only adds insult to injury. Few people can afford to buy a new car with cash. If you aren't one of them, don't get a loan to pay off a car you can't afford. Instead, get a reliable used car that is cheap enough to pay in cash.

–Miron Lulic

Money Smart Family

1. Don't spend more than you bring home.

2. Evaluate where you're spending your money. What monthly expenses can you reduce or live without?
3. Set up a budget that is reconciled twice each month. This should track everything you spend and all your income.
4. Liquidate assets to pay off your smallest debts. Sell unneeded technology, furniture, musical instruments, sports equipment, artwork, etc.
5. Take up a side hustle to bring in additional income.
6. Have a plan for bonuses and cash windfalls. As you get your finances in order, windfalls will happen more often.
7. Establish a maximum lifestyle and enjoy life once you reach debt freedom.

-Steve & Annette Economides

Celebrating Financial Freedom

If you want to live a debt-free life, there are two essential steps you have to take.

First, you have to change your mindset about money. You have to understand deep down in your soul that a debt-free life is a pretty radical way of thinking compared to most people. Your priorities will be different, and that's a good thing!

While most people have resigned themselves to car payments and credit card bills, you understand that those things only keep you enslaved to the lenders that let you use their money. You understand that having patience and a plan gives you a freedom that you just can't get when you owe tons of money to lots of people for too much stuff.

Thinking differently about money and debt are essential!

Second, you have to follow through! I can't tell you how many people I talk to who, on an intellectual level, know that getting out of debt is the best way to live your financial life. But when you look at how they live, it's totally obvious that their actions don't match their beliefs.

Because their beliefs and actions are at odds, they are stressed out financially. It affects their mental stability, their health, their relationships, and ultimately their happiness. They never can seem to make themselves do what it takes to totally erase their debt and enjoy all the obvious benefits that come with taking action.

Following through with a good debt-free plan and practicing debt-free habits for the long term is how you succeed!

-Dr. Jason Cabler

Abandoned Cubicle

The most important tactic is to live in a walkable city or town with mass transit. Minimize your commute, making fancy or financed cars less desirable.

-Cubert

My Money Chronicles

I have a couple of steps that people should take if they want to live debt free.

First step: Eliminate your debts as soon as possible. Get a part-time job, work extra hours, or find a side hustle. Do what you have to do.

Second step: Have multiple streams of incomes. Having money come in different ways will set you up for success. It will allow you to pay off debt quicker. Also, it will allow you to save more and invest.

-Jason Butler

NewRetirement

You know that it is a good idea to live debt free. However, getting rid of your debt is easier said than done. One of the best ways to get motivated is to really look at your future with and without debt. Get detailed and dig into the numbers. It is motivating to see what your current and future finances look like if you eliminate your debt sooner. Can you retire earlier? How much more money you will have without the debt?

The NewRetirement Retirement Planner allows you to try different scenarios. You can immediately see exactly how your finances are impacted if you: increase your debt payments, transfer everything to a low-interest credit card or use a home equity loan. Research suggests that visualizing your future in great detail is a great way to make better decisions now. See what is possible without debt!

-Stephen Chen

Even Steven Money

Eliminate Expenses

When I first began getting out of debt, I found that I had more money going out than I had coming in each month. One of the big keys to surviving my mistakes was to correct them. I eliminated big expenses like selling my Mercedes Benz. I paid off debt eliminating my credit card bills and eventually my student loans. Each expense was chipped away at until it was eliminated.

Reduce Expenses

While it's great to eliminate each expense, not every expense can be brought down to zero. So instead I began reducing expenses on smaller items. I started with my cell phone plan and was able to switch carriers to a low-cost provider, Republic Wireless, and save \$75 per month. It didn't end there. I cut the cord and went with Internet only,

reducing my bill in half each month. There are a number of ways to reduce expenses from switching providers, negotiating with your current provider, or simply reduce your consumption. Chances are you will barely notice the difference.

Understand Your Values

You eliminated some big expenses, reduced or negotiated some others: great job. One of the things I had to learn was to actually spend money. Sounds crazy right, but it's true. I realized after becoming debt free that I had money to spend. That's why it's important to understand your values and what matters most to you. I personally love spending time with my wife, traveling, and making health and fitness a priority. I intentionally spend more money on those items. If there is something that I can buy or do to make my wife happy, I will spend more money almost every time. We really enjoy spending time together traveling while checking out new restaurants and coffee shops after a day of an adventure or exploring the city. My health and fitness are equally important in my values. It means I spend more money on organic meats and vegetables at the grocery store or local farmers market. It also means spending extra money on a gym membership: I go to my local CrossFit gym and I pay an extra price for group fitness, coaching, and the accountability it provides.

If you want to live a debt-free life, it's going to take eliminating and reducing your current expenses. It's not all eliminate and reduce though: you need to spend your time and money on the things you value most.

-Steven Donovan

Don't let student debt hold you back! Talk to a student loan debt professional that can help you pay off your debt faster, with lower monthly payments.

[Find Out More](#)

The Practical Saver

To live a debt-free lifestyle is to spend money responsibly and be a conscious spender. With so many products that come out of the market that will tempt you, you need to understand what your priorities are, what expenses are most important, and where the money you make should go, among others. Ask yourself if you need or just want to buy things you have your eyes on.

Understanding your spending habits, knowing your limits, and living within a certain boundary (i.e., live on a budget) will help you make the wisest decisions you could make. Being responsible with money and being conscious with it will help you achieve a debt-free lifestyle without having to sacrifice a lot of things.

-Allan Liwanag

Liberated Stock Trader

Last year, my wife and I watched the movie “Minimalism – A Documentary About the Important Things” on Netflix. The movie highlighted the importance of not continually being sucked into the downward spiral of buying and accumulating possessions like clothes, home décor, furniture, and electronics.

So my wife and I decided to inventory our clothing. My wife had 42 pairs of shoes and over 275 items of clothing and I was close behind her with over 20 pairs of shoes.

We made a bet with each other to see if we could go one year without buying clothes, jackets, shoes, and even electronics. One year later, we have saved over \$3000 on clothing, and we still look good.

We have saved money, and even more importantly, we have saved so much time that we would have spent shopping. The most surprising thing, however, is that it was not as difficult as we expected to stop shopping.

-Barry D. Moore

Simply Safe Dividends

Debt often arises when you spend more than you earn. If you want to rid yourself of debt, you can either try to earn more or spend less, using the extra cash flow to begin paying off what you owe. While neither option is easy, you probably have the most control over what you spend money on.

Start by tracking all your expenses for several months, and review every dollar going out the door. Identify “nice to have” versus true “need to have” expenditures, and consider cutting back in more discretionary areas. The American economy is built on consumer spending but resist the urge to follow the herd. Moderation and contentment can go a long way for people desiring a debt-free lifestyle.

-Brian Bollinger

The Wealth Hound

For many, getting out of debt seems like an insurmountable obstacle. However, through hard work, frugality and some good old-fashioned hard work, the debt-free lifestyle is far from impossible. Of course, the specific steps to getting out of (and staying out of) debt depends on your specific circumstances, but the following steps are a good starting point for anyone serious about putting an ax in their debt for good!

Step 1: Decide Why

To stay motivated, write down WHY you want to live a debt-free lifestyle. Save your note and revisit it when you need a little motivation.

Step 2: Spend Less Than You Earn

If you're spending more than you earn, you can't pay off your debt and live debt-free. So, spend less than you earn and put the difference to good use (see step 3 & 4).

Step 3: Destroy Your Debt

Go after your debt with a vengeance. Pay off as much as you can as fast as you can!

Step 4: Save & Invest

Save for emergencies and big purchases and invest for your future! If you're not already, eventually you will want to retire. You'll need savings and investments to help make your dream a reality.

Step 5: Protect Yourself

A sustainable debt-free lifestyle is one that is properly insured.

Step 6: Live a Little

Don't forget to live along the way. If you deprive yourself of too many of the things you enjoy along the way, you will undoubtedly fail. I highly recommend setting some money aside to keep up with some of your hobbies or small luxuries that make you happy.

-Jason

Lacey Langford

1. **Set goals.** Knowing your goals and what you're working towards helps you stay on track when life gets tricky or it gets tempting to overspend.
2. **Stay in your financial lane.** Do not compare your financial life to others—it will only cause FOMO (fear of missing out) and overspending. Know your goals and how you want to spend your money and don't worry about what others think, because they're not helping pay your bills!
3. **If it's broken, FIX IT!** Things are going to break, but that doesn't mean you have to replace them every time. Avoid adding debt by figuring out how to fix what's broken. If you don't know how to do it, someone on YouTube probably does!
4. **Play the long game when it comes to spending.** We all have wants and needs we'd like to spend money on. Take your time when it comes to spending money on a want. Have a 24-hour "research/do I really want it" period before you spend money. Taking time to think through purchases can help save money or avoid spending unnecessarily.
5. **Keep it simple.** Don't overcomplicate your financial life by loading yourself down with bills. Keeping your bills to a minimum will make it easier to manage and keep track of them. Plus, it will reduce the amount of money you pay for items or services you don't fully utilize.

-Lacey Langford

MoneyHax

I take credit card debt really seriously. So what I do is treat credit cards just as if they were debit cards. The moment I spend money through a credit card, I'm eagerly awaiting to pay off the balance. So credit card companies allow you to do this instantaneously, whereas others require a few days to process. Either way, having the discipline to treat credit cards as debit cards is a surefire way to avoid credit card debt, while raking in the benefits of a credit card (i.e. protection, cash back, etc.)

-Todd Weitzman

Money@30

The first and biggest step is to determine your priorities. It's unrealistic to think you can just suddenly start diverting all your income toward paying off debt. Instead, the best way to figure out where to cut back is to look at your spending and decide what expenses provide you the most value (monetarily or otherwise) and are the most important for you to maintain. From there, you can start "trimming the fat" and using those funds to tackle your debt.

What's great is that this exercise will also serve you well in your debt-free life. Allowing yourself to spend reasonably on what's important to you, while cutting back on what's not, will help prevent you from "burning out" and dipping back into debt.

-Kyle Burbank

List with Clever

Paying off high-interest debt is the first step to living a debt-free lifestyle. Credit card APR sits around 17%, so you'll pay a ton in compounding interest each month. We know from a study of 1000 Americans that half of Americans carry a credit card balance, and 72% of credit card debt holders carry more than \$1000 in monthly balance. Cut up those credit cards and pay down your debt ASAP.

Also, know that not all debt is bad. For example, a mortgage is a healthy kind of amortizing debt, so each month you earn a little more equity. At the end of your loan, you own the property. First-time home buyer programs offer mortgages that require less money down, and with historically low interest rates, a home can be a great investment (if you have the savings).

-Ben Mizes

No Nonsense Landlord

Not all debt is bad; however, less debt is better debt. Increasing income helps decrease

debt. Doing things that others pay for, like cleaning your own home, mowing your own lawn and changing your own oil saves money.

Anytime you are sitting on the couch, drinking a beer, or smoking a cigarette, that is time you could spend saving money by doing something. I mowed grass for 25 clients in my spare time to make some extra money in my 40s. I kept my full-time job, and worked a lot on weekends and after work. You are never too old to get a side gig, and never too good to do manual labor.

A dollar saved is like ~\$1.50 earned, after taxes. No one ever makes a million dollars. They make \$1, a million times over. Even a company that makes billions likely makes it ~\$20 at a time.

When you buy something that is fairly large, think about how much money that item would be in 20 years. Buying a kitchen table for \$800, when you have a perfectly good one already, means you have to work another month+ before you can retire. The table or retire a month early: you should be asking yourself those questions. Always think about what you are spending on, and if it is a want or a need.

-Eric Drenckhahn

Self Directed Retirement Plans

Have a realistic budget during your earning years and learn to live within this. This budget should not be draconian, because you only live once, and you have to smell the roses along the way. By being conscientious about your budget, you will begin to see your savings grow.

Then comes the delicious problem of where to invest those savings. Knowing the Rule of 72 is of the utmost importance when you reach the investment stage of life. The Rule of 72 will work inside a tax-deferred vehicle like an IRA or other qualified retirement plans. By dividing the interest rate your investment earns into the number 72, you will know how many years your money will take to double. Compound interest is the 8th wonder of the world and the sooner one learns it, the more they can use it.

Remember is it not how much you earn, but how much you keep. If you owe the government income tax – this is money that you cannot spend – it is gone. It is imperative to have a good financial advisor or CPA who can look at any and all legal means of reducing taxes now and down the road.

-Rick Pendykoski

The Ways to Wealth

I'm a big believer that the first step to getting out of debt is envisioning a bigger and better future for you and anyone else your debt impacts. Specifically, that means setting goals for what exactly you want your life to look like in three to five. Once you

have these goals you can work backward and put in place the tactics and strategies you'll use such as a debt snowball, or where to start cutting your expenses.

-R.J. Weiss

The Best Prepaid Debit Cards

Consider going to a debt weekly debt seminar for at least 10 weeks (not just a one-time event).

Repeated weekly meetings with others that have struggled with debt will help you develop a debt-free approach to living, and help you realize that you're not alone with your financial struggles.

Another related benefit is that such a class can help you change your attitude towards living on credit, if you have not been able to manage credit responsibly.

A change in attitude will likely result in a change in your lifestyle, and that is a big key to living debt free!

-Curtis Arnold

Dear Debt

In order to live a debt-free lifestyle, borrowers must look at their debt head-on. Figure out what you owe, down to the penny. Pay more than the minimum and stop the damage by reverting to cash for a while. If you do use credit cards, pay them off in full and if you get cash back, use that toward your debt. Cut out unnecessary expenses for now — it doesn't have to be forever. The key for me was to earn more money, so people in debt should consider ways to boost their income. You can do things like pet sitting, Uber, or graphic design in your free time. Becoming debt free also requires a huge mindset shift. Realize that debt is not "good" no matter what kind of debt you have, and that you want to be free. Focus on what your life will look like after paying off debt to stay motivated.

-Melanie Lockert

Retire in Progress

The first step is to avoid debts in the first place! There are very few "good debts" one can make, and usually, people list mortgage and student loans in this category. Although I don't fully disagree, be sure you get the minimum sustainable amount of debt to reach your goal. And be humble with your goals if you're pursuing them on credit. Get as few student loans as possible. Prefer a cheaper university, a public one instead of a renowned one. The quality of your skills depends only 10% by which university you attend. The premium you're paying for an Ivy League school is one is for a shiny certificate.

Focus on skill building instead of certificate building. Nobody cares which school you got a degree in after you get your first job. Is it worth a 100k extra loan to get a 10% chance of a better first job? I don't think so. Same for a mortgage. Get a starter home. Keep it until your cash flow is solid. You don't "deserve a better house" if you can't afford it.

Other forms of debts are really stupid and you can avoid them all. Credit card debt is simply an offense to your intelligence. If you don't pay in full your balance each month and instead you let accumulate high-interest debt, you deserve to be a wage slave. The rule is very simple: never purchase anything with your card if you don't have the amount ready in your checking account. Never. No exceptions.

What about car loans? You don't buy a car whose cost you can't cover with your checking account. Full stop. Then maybe you can take advantage of some financing if there's zero interest and delayed payments, of course, but never buy anything below \$20k you can't afford right now. Yes, that means your first car will be a beaten-down 15-year-old car purchased almost for free. Like I did. I'm car-free since 2008 and before that, I owned 4 cars that I paid \$2100 total for the four of them!

Is it too late? You already did something stupid and you're now finding a way to fix your finances?

In this case, it's gonna be hard, but the formula is still simple: spend less than you earn, and throw your savings toward your highest interest debt first, while making minimum payments toward the other ones. If you really care about getting debt free ASAP, cut down your expenses to the bare minimum for a while. No dinners out, no subscriptions, no fancy vacations. Killing debts will improve your cash flow (less interest owed) which in turns makes getting out of debts quicker. It's a virtuous cycle! Once you're free, you'd be a machine trained to produce positive cash flow. Then you can start directing your savings toward investing, which keeps the virtuous cycle going thanks to dividends and other profits.

–Mr. RIP

About the Author

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Published by Debt.com, LLC

