Next week, Feb. 24–March 2, is America Saves Week. For many individuals and families, saving is difficult when they are facing major debt in their lives. This week, the Cooperative Extension Service is going to look at how we can get rid of the debt in our lives and start saving money to improve our fiscal fitness.

Debt is money owed. It comes in the form of homes, cars, student loans and credit cards. Although all of these expenses count as debt, the one that is strangling our economy is credit card debt and the resulting interest.

It’s reported that 45 percent of families with annual incomes under $50,000 are relying on their credit cards to pay for basic needs such as rent, utilities, insurance and food. Americans also spend well over $75 billion a year just on credit card interest and fees. This means that families who revolve credit card balances pay an average of $1,500 a year in interest and fees. If they saved that $1,500 in an account with a 5 percent yield, in 40 years they would have nearly $200,000.

Taking on too much debt also lowers credit scores. This means you will end up paying higher interest rates on all your consumer and mortgage loans. A low credit score can also make it harder to rent an apartment, get utility services and even get a job.

Too much debt isn’t just expensive. In fact, the average American in debt spends 3½ hours a day worrying about their financial troubles. People with lots of debt often say they lack peace of mind. They worry constantly about paying off debts and making ends meet. The stress of these worries affects their family, work performance and other areas of their lives.

The good news is that there is hope. With planning, discipline, patience and maybe some outside help, almost anyone can reduce his or her debts and start to accumulate wealth.
Are you in trouble? If you answer “yes” to any of the following questions, then you probably need to get your debts under better control:

1. Can you only afford to make minimum payments on your credit cards?
2. Do you worry about finding the money to make monthly car payments?
3. Do you borrow money to pay off old debts?
4. Have you used a home equity loan to refinance credit card debts, and then run up new revolving balances on your cards?

If you have officially determined that you are in trouble, now is the time to take action. Here are some steps to get your debt under control:

**Stop borrowing** — The first step in getting out of debt is to stop borrowing. To do that, you have to stop spending more than you earn.

**Make a budget** — Make a budget and cut out any expenses you can. It may help to cut up your credit cards or lock them away in a safe place.

**Make a plan** — While you are making a budget, figure out how much you can afford to pay each month to reduce your debts, then make those payments without fail. If you have debts on more than one credit card, either pay off the card with the highest interest rate first and work your way down to the card with the lowest rate, or pay off the smallest loan first and work your way up to the largest.

**Don't overspend** — Once you’ve paid off your debts, don’t give in to the temptation to start overspending again. Instead, take the money you were paying each month on your debts and begin to save it. This will give you a financial cushion the next time an emergency rolls around.

Next week, we’ll be running special features on saving money in the News-Miner, on our website (www.uaf.edu/ces) and on our Facebook page (www.facebook.com/AlaskaExtension). If you do the activities we talk about, you can register with us for a chance to win a savings bond. So be sure to tune in for more information on America Saves Week.

Getting into debt is easier than getting out of it. But getting in control of your debt will move you into a more secure future. America Saves is a campaign coordinated by the nonprofit Consumer Federation of America (CFA) and is dedicated to helping individuals save money, reduce debt and build wealth.

**Roxie Rodgers Dinstel is a professor of Extension with the Tanana District office. Email questions or column requests to rrdinstel@alaska.edu or call 907-474-2426. The Cooperative Extension Service is part of the University of Alaska Fairbanks, working in cooperation with the U.S. Department of Agriculture.**