

Ask yourself these 3 questions to start eliminating debt

By Kira Vermond

Want to get rid of your debt? You might be tempted to jump in right away.

But not so fast. While some debt experts advise us to crunch numbers, make budgets and craft a plan the moment we're moved to take action, making a long-term commitment to a debt-free life requires careful contemplation. To get started, ask yourself these three questions:

1. How did I get into debt in the first place?

If you're like most people, probably little by little. Maybe you put concert tickets on your credit card one month, but didn't pay off the balance in full. The next month, you did it again -- and the buy-debt cycle started.

You're hardly alone when it comes to indulging in purchases that give a sense of instant gratification. In one 2013 study, conducted by Capital One Canada and Credit Canada Debt Solutions 76 per cent of the Canadians questioned admitted that they spent too much money on certain small items, but couldn't seem to stop the frivolous buying. Top vices included going out to eat, buying cigarettes, clothes shopping and buying lottery tickets.

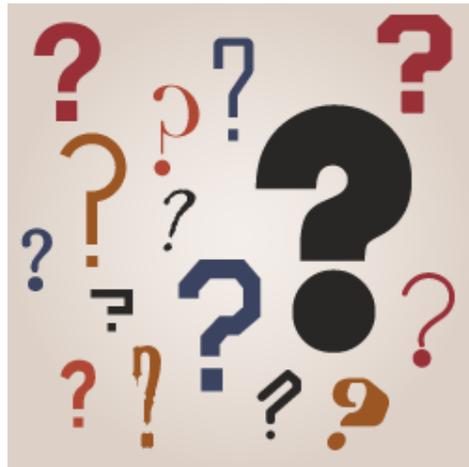
Here's one more reason you might find you turn to credit more than ever: Life is increasingly expensive. With prices on the rise for things such as gas, utilities, insurance, food and housing, Canadians are feeling the pinch. Spending even a little more on these items each month adds up quickly.

It's important to find other ways to cushion the blow, rather than slapping down a credit card.

2. What's keeping me in debt?

Higher living expenses aren't the only things to blame. Emotions have a huge impact on how people feel about their debt and what they do about it, says [Karin Mizgala](#), a certified financial planner in Vancouver and co-founder of [Money Coaches Canada](#).

"The stress of being in debt often leads to feelings of shame, embarrassment and fear," she says. "When strong emotions are in charge, we either dig our head in



the sand and hope the problem goes away by itself, or we take action to alleviate the anxiety that isn't well thought through."

For instance, if you're swimming in debt and worried how to make payments, you might panic and turn to payday loans for quick money -- and find yourself in even worse financial shape next month when the new and expensive loan payment is due. If you'd taken time to understand that fear was driving you, you might have tried another tactic, such as asking a family member for low-interest money or approach a credit counsellor for help.

Or perhaps you find yourself going out for dinners or buying rounds of drinks because you don't want your friends to know you're struggling financially. You're embarrassed, so you keep spending.

Understanding how your emotions have an impact on your financial decisions can have a huge impact on how successful you are in eliminating your debt.

3. How do I fix this?

Take a breath and remember that it's in your power to change your financial picture. Even if you're only a few thousand dollars in debt now -- but *always* seem to be a few thousand dollars in debt, and it's stressing you out -- it might make sense to get advice from a money coach or financial therapist. Part of their job is to uncover what drives you to spend and rack up debt, and help you fix the problem, too.

Whether you work with a debt expert or go it alone, track your spending for a month, develop a monthly budget, find frugal alternatives to your expensive vices and learn how to think before you spend.

"The first step to getting out of debt is to recognize that there is always hope and a solution no matter how grim the situation feels," Mizgala says.