



Worksheet: Are You in a Credit Crunch?

It is easy for credit problems to sneak up. Sometimes we are deeply in debt before we even realize it. Look at the following warning signs about debt load. These signals can help you determine whether you are managing your debts or your debts are controlling you. Answer the following questions with a “yes” or “no” by placing an X in the appropriate column for each question. Then add up the totals for each column to see how well you are managing your debts.

Potential Debt Warning Signs

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|---|------------------------------|-----------------------------|
| 1. Does your monthly creditor debt (excluding your house payment) exceed 20% of your take-home pay? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 2. Are you arguing with your spouse or partner over bills? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 3. Are you still paying bills from purchases made a year ago (excluding your car or housing)? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 4. Have you stopped adding to a savings account? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 5. Are you surprised at how much interest you pay creditors annually? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 6. Do you feel “out of control” when faced with a buying decision? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 7. Are you using savings to pay bills? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 8. Are you borrowing money using cash advances or visiting payday lenders to pay this month’s bills? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 9. Can you make only minimum monthly payments (or less) on your revolving charge accounts? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 10. Are this month’s credit balances even larger than they were last month? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 11. Do you make payments on credit cards every month but find that your bills never go down? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 12. Are you near, at or over the limit on your lines of credit? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 13. Are you borrowing money to pay for regular household expenses such as rent, food, clothing, gas or insurance? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 14. Do you not go to the doctor or dentist because you can’t afford them? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 15. Have you canceled auto, medical or life insurance because you can’t afford them? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 16. If you lost your job would you have money problems right away? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 17. Are you afraid to add up the total amount of your debt? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Total | _____ | _____ |

How to score the Worksheet: Are You in a Credit Crunch?

If you answered “no” to all the questions:

Congratulations! You are managing your debts. However, you should still be aware of the warning signals and review them occasionally to avoid future credit problems.

If you answered “yes” to any questions:

You should analyze how serious the “credit crunch” is and what the problems are. You should also be on the lookout for other danger signals, and take any actions necessary to try to reduce debt and gain control of your finances.

If you answered “yes” to a lot of questions:

Most likely, you are in a “credit crunch.” Analyze the seriousness of the situation and determine its cause. You should take steps to change your spending habits. First, put away, or even hide, your credit cards; resist the temptation to use them. Next, make a budget to figure out where your money goes. Then, get professional help from a credit counselor.