

Debt reduction

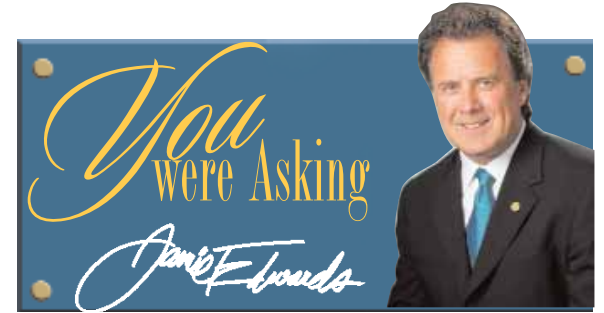
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One of the most exciting facts about buying a home is that you're now about to start building equity, ensuring your money now begins to work for you. With that said, you might be a little concerned over this huge debt you've just taken on. There are ways though that you can effectively manage your debt(s). Before agreeing to sign on with a lender, ask lots of questions about the prepayment options. One of the best ways to decrease your debt and to reduce your interest costs is to increase the frequency of your payments. Not only will you pay less in inter-

est, you will pay the debt off faster. Contrary to popular belief, paying your mortgage off as quickly as you can is not always your smartest plan. What? Yes, you read correctly. Pay off your most expensive debt first. Often, this is your visa. The debt you want to attack is the one with the highest interest rate. If you're prone to run a balance on the visa, use the money you were going to throw on the mortgage to eliminate the visa debt and then, keep it under control. Get in the habit of paying the balance of your visa when the bill comes in. Once you've paid off your

most expensive debt, apply the same strategy to your next highest debt and so on until you've worked through all debts but the mortgage. Once you've learnt to keep your highest interest rate debts under control, you can then begin to plan to escalate that debt reduction. Good luck and good planning!

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