DEBT DANGER SIGNALS
Warning signs of overindebtedness appear long before creditors start sending collection notices. Answer the following questions to help determine if you are managing debt appropriately.

1. Are you borrowing to pay for items you once paid for with cash?  
2. Is an increasing percentage of your income going to pay debts?  
3. Are you paying bills with money reserved for something else?  
4. Are you taking money from savings to pay current expenses?  
5. Is your emergency fund (which should equal 3-6 months of basic living expenses) inadequate or nonexistent?  
6. Do you pay only minimums on your revolving charge accounts?  
7. Are you making payments in 60-90 days that you once made in 30?  
8. Are you near or at the limit on your credit cards?  
9. Do you take out a new loan before the old one is paid in full or take out a new loan to pay an existing loan?  
10. Do you take out payday loans before you receive your scheduled pay?  
11. Are you unsure about how much you owe?  
12. Are you chronically late in paying your expenses?  
13. Are you threatened with repossession of your vehicle, cancellation of your credit card(s) or other legal action?

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<thead>
<tr>
<th>If you answered:</th>
<th>You are:</th>
<th>You should:</th>
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<tbody>
<tr>
<td>“No” to all questions</td>
<td>Managing debt well</td>
<td>Continue practicing good money management</td>
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<tr>
<td>“Yes” to any question 1-5</td>
<td>Getting out of control</td>
<td>Stop using credit until current debt balances are paid</td>
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<tr>
<td>“Yes” to any question 6-11</td>
<td>On the verge of trouble</td>
<td>Stop using credit. Develop a budget and debt payment plan</td>
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<tr>
<td>“Yes” to question 12 or 13</td>
<td>Probably overextended</td>
<td>Consult a financial planning professional now, before your financial goals become impossible to achieve</td>
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