

Debt Ratio

$$\frac{\$ \underline{\hspace{2cm}}}{\text{Total monthly debt}} \div \frac{\$ \underline{\hspace{2cm}}}{\text{Total take home pay}} = \text{Your debt ratio : } \underline{\hspace{1cm}} (\%)$$

List all monthly debt payments except mortgage/housing:

Auto loans: \$ _____
Personal loans: \$ _____
Student loans: \$ _____
Credit cards: \$ _____
Other: \$ _____
Total monthly debt: \$ _____

Debt ratio guidelines

10% or less: Excellent!
20%: At the limit for a manageable amount of debt.
25%: Overextended – make changes to reduce debt.
Over 25%: Too much debt to manage on your income!

Thinking of taking on additional debt? Calculate what your new debt ratio will be before charging large purchases or taking a new loan to see if you will be in safe limits.

Get your credit report: www.annualcreditreport.com

Get off the list for pre-approved credit card offers: 1-888-OPT-OUT

