

# look for red flags

Warning: You may be sliding into debt.  
Take this test. Then take action if necessary.

- |   | Yes                      | No                       |   | Yes                      | No                       |
|---|--------------------------|--------------------------|---|--------------------------|--------------------------|
| 1 Are you borrowing to pay for items you once paid for with cash?   | <input type="checkbox"/> | <input type="checkbox"/> | 7 Are you making payments in 60–90 days that you once made in 30?   | <input type="checkbox"/> | <input type="checkbox"/> |
| 2 Is an increasing percentage of your income going to pay debts?  | <input type="checkbox"/> | <input type="checkbox"/> | 8 Are you near or at the limit on your credit cards and other sources of borrowing?                               | <input type="checkbox"/> | <input type="checkbox"/> |
| 3 Are you paying bills with money reserved for something else?  | <input type="checkbox"/> | <input type="checkbox"/> | 9 Do you take out a new loan before an old one is paid in full or take out a new loan to pay an existing loan?    | <input type="checkbox"/> | <input type="checkbox"/> |
| 4 Are you taking money from savings to pay current expenses?  | <input type="checkbox"/> | <input type="checkbox"/> | 10 Do you take out payday loans?  | <input type="checkbox"/> | <input type="checkbox"/> |
| 5 Is your emergency fund (which should equal at least 3–6 months of basic living expenses) inadequate or nonexistent? | <input type="checkbox"/> | <input type="checkbox"/> | 11 Are you unsure about how much you owe?   | <input type="checkbox"/> | <input type="checkbox"/> |
| 6 Do you pay only minimums on your revolving charge accounts?   | <input type="checkbox"/> | <input type="checkbox"/> | 12 Are you chronically late in paying your expenses?  | <input type="checkbox"/> | <input type="checkbox"/> |
|   |                          |                          | 13 Are you threatened with repossession of your vehicle, cancellation of your credit cards or other legal action? | <input type="checkbox"/> | <input type="checkbox"/> |

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