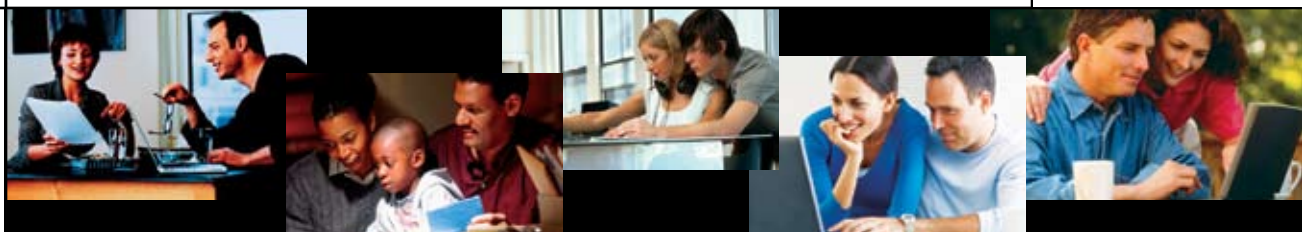


# Debt Know How



[www.debtknowhow.com](http://www.debtknowhow.com)

## *Debt-to-Income Ratio Worksheet*

**Date:** \_\_\_\_\_

Having a complete picture of your financial situation, particularly if you are heavily in debt, will help you create a personal plan to pay off your debt and get your finances back on track.

**Step 1.** Total your monthly income (take-home pay) from all sources: **Total Monthly Income** \$\_\_\_\_\_

**Step 2.** Calculate your total monthly debt payments:  
(Exclude first mortgage on a home when totaling monthly debt payments)

Creditor	Interest Rate	Total Amount Due	Monthly Payment Amount
Appliance loan			
Child support			
Computer loan			
Consolidation loan			
Credit card			
Credit card			
Credit card			
Dental payment plan			
Family loan			
Family remittance obligation			
Furniture loan			
Home equity loan			
Insurance company loan			
Legal fees payment plan			
Medical payment plan			
Past due bills payment plan			
Past due bills payment plan			
Personal loan			
Recreation vehicle loan			
Small equipment loan			
Spousal maintenance			
Store card			
Store card			
Student loan			
Student loan			
Vehicle loan			
Vehicle loan			
Other			
Other			
Other			
Other			

**Total Monthly Debt Payments** \$\_\_\_\_\_

**Step 3.** Calculate your Monthly Debt Payments-to-Disposable Income Ratio\*:

Divide monthly disposable personal income (take-home pay) into monthly debt payments (excluding the first mortgage on a home).

$$\text{Debt payments-to-disposable income} = \frac{\text{Monthly debt payments}}{\text{Take-home pay}}$$

Example: \$400

\$2,500 =16% Debt-to-Income Ratio

\* Non-mortgage debt payments above 20% of your income indicate that steps may be needed to pay down debt. Non-mortgage debt payments over 20% exceed your net income borrowing limit. This is an indication that you may need to develop a personalized plan to get back on track.

**Source:**

Adapted by Cindy M. Petersen, University of Minnesota Extension Service from, Debt Know How—Assess Your Debt, MasterCard International, Inc. and Garman, E. T. & Fogue, R. E. (2003) Personal Finance (7th edition) pp 47 & 188. Boston, MA: Houghton Mifflin Company.