

# Book Review

## Master Your Debt: Slash Your Monthly Payments and Become Debt-Free

Diane E. Johnson

Author: **Jordan E. Goodman** with **Bill Westrom**

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For a quick read that can add new tools to a practitioner's counseling and educational toolkit, consider reading best-selling author Jordan Goodman's new book, *Master Your Debt: Slash Your Monthly Payments and Become Debt-Free*. Jordan Goodman is the best selling author of *Everyone's MoneyBook* as well as 12 other books. For 18 years he was the Wall Street correspondent for *Money* magazine. Goodman also appears on national television and radio broadcasts and hosts the Web site [www.moneyanswers.com](http://www.moneyanswers.com).

*Master Your Debt* offers understandable and detailed advice on becoming debt-free and managing credit using the latest government rules and programs designed to help consumers. Also included are tried and tested solutions for credit problems as well as some strategies that may be new and even controversial. The book is a useful and relevant resource for the current economic climate. Below is a description of each of its chapters:

**Master or Victim? You Decide.** This introductory chapter provides an overview of the book and explains how readers can use it to become educated, proactive consumers who can control their own financial destiny. Readers will find a summary of each chapter with suggestions for using the book depending on which credit issues may be problematic for themselves or for clients. The author places the information on credit and debt in the historical context of a deep recession, the credit crisis, and changes brought about by the election of a new president and new legislation. This chapter provides a sense of the complete book,

so readers can go directly to a chapter that includes the information they can use immediately.

**How Did We Get Here? And Where Are We?** In this chapter, Goodman describes what went wrong in the economy and the credit industry. Readers will learn how new legislation and rules are designed to address some of these problems. The chapter sets the stage for the rest of the book with sketches of the following kinds of debt: mortgages, home equity lines of credit, reverse mortgages, credit cards, car loans, installment loans, student loans and retirement and life insurance loans. Goodman gives the reader a synopsis of the bad behavior on the part of both creditors and consumers that resulted in legislation that is creating a new credit environment.

**Find Out Where You Stand.** This chapter takes readers through steps to know and understand their financial situation. Forms are provided for these exercises. Goodman challenges readers to follow his most important piece of advice: "Don't lie to yourself about your money." In addition to the tools familiar to most counselors and educators (net worth and cash flow), Goodman provides an eight question debt analysis and 13 signs of debt trouble, which educators and counselors can use as quick tools for client assessment.

**Other People Are Grading You Too.** If readers do not know what factors comprise a credit score, what a credit file looks like, or how to read it, they will after reading this chapter. Information on how to request and correct a credit report are included.

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The author also provides an excellent breakdown of how a credit score is developed: 35% on payment history; 30% on the amount you owe; 15% on the length of your credit history; and 10% on new credit applications. Finally, 10% for the positive impact of having a mix of different kinds of credit in your credit file. Goodman gives specific advice on how to use the information to improve your credit score.

**Avoiding a Modern-Day Identity Crisis.** Identity theft is one of the fastest growing crimes in our country. Being forewarned is being forearmed. Goodman tells readers about the many ways identities can be stolen and then describes specific actions consumers can take to prevent identity theft. This chapter provides information about identity theft to help avoid the problem and describes who to contact if you have been a victim. Specific information about flagging credit files with fraud alerts and a credit freeze is also included.

**Win the New Mortgage Game.** In this chapter, readers will learn how much of a mortgage loan they can afford, how to shop for a mortgage, and how to juggle points, rates, loan length, and closing costs for the best deal. A surprise to me was the idea of cutting closing costs by breaking these costs down and finding ways to cut each one. An example is shopping for an appraiser rather than simply accepting the one listed by the lender.

Readers are introduced to the home equity line of credit (HELOC) and tips for shopping for this product. The book also helps readers evaluate whether refinancing is a financially sound move. Two additional new concepts readers might gain from this chapter are the ArcLoan and the Harmony Loan. The ArcLoan is an automatic rate cut mortgage and the Harmony Loan is similar to the ArcLoan without the behind the scenes refinances. These loan products were both new to me.

**Mortgage Free in Five to Seven Years.** The promise of the book is delivered in this chapter. The author explains how to use a HELOC to pay off your mortgage in five to seven years. This strategy of equity acceleration or mortgage acceleration is used in Australia and the U.K., but is new to most consumers in the U.S. The HELOC is more than simply making extra payments on your mortgage. It also involves using your HELOC as a method for managing all your bills. Goodman gives two detailed examples of how this system works and suggests companies that can help the consumer accelerate payments correctly. The concept is described here and precautions are added suggesting that this strategy is not for everyone.

**Credit Cards: Just Because It's Called MasterCard Doesn't Mean It's the Boss of You.** Credit card users are divided into two payment style groups: people who carry a balance from month to month and people who pay off their balance each month. This chapter describes how to find the best credit card for each payment style and shows readers how to pay off and use the credit cards they have.

For those interested in the provisions of the Credit Card Accountability, Responsibility and Disclosure (CARD) Act of 2009, this chapter offers an excellent explanation. Goodman discusses the CARD legislation and provides specifics about how this legislation will help consumers, while he also tells readers how creditors are already finding ways to generate new profits through an assortment of fees. He details each of the new rules and lists a winner's strategy for each.

The author finishes this chapter with several strategies for how consumers can get more out of their credit cards than the credit card companies can get out of them. He writes about maximizing rewards, using balance transfers, and wiping out balances once and for all.

**Car Deals: Making Sure You're in the Driver's Seat.** Readers will learn about shopping for new and used cars or leasing cars in this chapter. One of the automobile buying strategies that might be new to readers is using a buyer's agent to help buy a car. Goodman also suggests a variety of ways to finance a car besides using the traditional car loan from auto finance companies.

**An Education in College Costs.** For readers who want to learn about education financing, this chapter describes what you need to know about planning ahead and navigating the confusing options for borrowing and paying back student loans.

Goodman gives a summary of each kind of education loan available for financing an education and provides a smart strategy for each. Stafford, Perkins, PLUS, private loans, and some non-traditional alternates are discussed. The author also mentions some new government programs to help ease the burden of paying back these loans.

**Don't Let Bad Luck Derail Your Finances.** Many personal situations can result in financial disaster: job loss, loss of health insurance, and divorce are all examples. Problems precipitated by the credit crisis have also caused consumers to find themselves in financial difficulty. When

disaster strikes, steps for setting priorities for whom to pay first and where to get help with debt are explained in this chapter. Goodman suggests “debt triage” using three levels of debt problems: problems you can solve yourself, problems that credit counseling agencies can help with, and problems where bankruptcy is the best solution.

**Surviving Bankruptcy.** When all else fails, this chapter has information on what the reader needs to know before filing for bankruptcy and for recovering afterward. Goodman discusses Chapter 13 and Chapter 7 bankruptcy and how to decide which is most appropriate for the income and type of financial issues the consumer has.

**Debt Strategies for Every Age.** In this chapter, Goodman outlines the different financial tasks that are needed for each stage of life. He lists strategies for teenagers and young adults to establish themselves financially; the 30s to 40s group to build wealth; the 50s to count down to retirement; the 60s and beyond to spend and save in early retirement; and over 75 to slow down but enjoy and protect assets.

**Permanent Mastery, Going Forward.** In this final chapter, readers will learn to polish skills such as research, math, record keeping, decision making, discipline and self-soothing. Goodman lists the following principles for consumers: “There are no dumb questions; the devil is in the details; follow the money; pay off costliest debt first; borrow for appreciating assets, not depreciating ones; don’t lie to yourself about money; and the bottom line is the one to watch.”

**Resources and Index.** This final section of *Master Your Debt* is filled with helpful Web sites, toll free numbers, and addresses for government agencies, associations, non-profit organizations, services and companies which can be useful in implementing the recommendations in the book or looking for more information. Mentioning AFCPE as a resource may have been helpful for evaluating the educational and ethical standards and credentials of financial counselors. Listing AFCPE in the resources section would have been helpful for readers looking for both qualified counselors and educational resources.

I found Goodman’s conversational style easy to read and understand. The information was well organized. He covered debt very thoroughly. I particularly liked the section on new legislation and the winning strategies that were highlighted. While on one hand I appreciated his straightforward advice, I was somewhat concerned by his recom-

mendations for specific businesses or companies. This raises concerns about bias and conflict of interest.

One specific strategy, the use of the HELOC to rapidly repay a mortgage, is fairly complicated and requires very disciplined execution. However, Goodman does suggest caution when using this strategy.

The breadth and scope of the resources listed in the book are outstanding, but problematic at the same time. Many of the web sites will probably be out of date quickly. However, knowing about a resource can give you the basis for a web search on your own. The author does have a Web site, [www.masteryourdebt.com](http://www.masteryourdebt.com), which may be used to update some of the resources listed in the book, but this is not clear when visiting the site.

Readers will find this book particularly helpful in understanding and applying new strategies for working with clients, and researchers will find many ideas for examining proposed strategies. I recommend this book as a good one to add to your professional library because of the new information it contains, but I add caution because of the shelf life of the resource list.