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6 Steps on the Road to Financial Freedom

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When actor and Los Angeles resident Jabbaar George proposed to his wife, Anahit, he left no detail to chance. After receiving her parents' blessing, he drove her to a spot in Malibu overlooking the ocean, got down on one knee and asked her, in Armenian, to marry him.

That perfect proposal demanded flawless jewelry. "I wanted to make sure to get a good-quality ring — something my wife could be proud of," George says of the sparkling 1.5-carat diamond Anahit now wears.

George proposed in 2009. And in early 2015, he finished paying off that diamond. According to him, he owed about $23,000 total, accounting for the cost of the ring and other debt.

George is far from alone. In 2015, average U.S. household debt stood at $132,086, with $15,310 of that in credit cards, according to the NerdWallet study, "2015 American Household Credit Card Debt." And high consumer debt can really take its toll.

Is there a way out?

Yes, but it requires discipline. You can pay down significant debt in a short timeframe — say, $15,000 in 36 months — by making a few lifestyle shifts and employing strategies to set you on the road to financial freedom.

"The hard part is going back to say: How did I get there? How do I get out?" says Ed Vargo, certified financial adviser with the Burning River Advisory Group in Westlake, Ohio. "But if you have strategies to help and you stay mentally engaged, you can get there." Below is an action plan.

1. Find your motivation. Vargo says getting into the payoff mindset "is a function of a number of things — how much discretionary income you have to pay off debt, how intent you are and how willing you are to change your behaviors."

He continues: "Tie paying off debt to something meaningful in your life," such as saving for a trip you've wanted to take, building up your emergency fund or simply reducing financial stress.

2. Understand where your debt is. "Add it all up," says Dan Matysik, Vice President, Personal Loans, Discover Financial Services. "You need to know your exact total debt per each line of credit and each corresponding interest rate." Once you understand where your debt is — along with current household expenses — you can formulate a payoff plan.

"For example, you want to find a product with a broad range of repayment options, so you can choose a larger monthly payment to pay off your debt as quickly as possible," Matysik explains. "Or you could choose a lower monthly payment and a longer repayment timeline if you're cash-flow conscious."

He also recommends using the Discover Personal Loans calculator tool to review interest rates and corresponding monthly payments.

3. Set a timeline. Once you've confronted your debt and current expenses, draw a roadmap for where you want to go and how you'll get there. "A timeline is a great place to start," Vargo says. "Have an end goal in mind of when you plan to pay off a set amount. You can work backward from there."

Look at your credit card statement, which lists the monthly payment you need to make on each card to pay it off in three years. "I recommend to my clients that, at a minimum, they find that three-year payoff number, and then draw a line in the sand," Vargo says.

4. Do something different. Changing spending habits was a hard-won lesson George, at 39, finally appreciates. "So many people deal with debt," he says. "We put ourselves in that situation trying to live above our means." The Georges began limiting their spending on discretionary items like clothing and dinners out. "We've sacrificed a lot," he says. "We didn't go on a honeymoon."

Like the Georges, you might need to change an approach that wasn't working for you before. "Wipe out all the expenses that aren't critical, and be deliberate about it," Vargo says, while also suggesting setting

up automatic payments. “Inertia is a powerful force,” he says. “People have a tendency to do what they’ve always done, and with automatic payments, you can set it and forget it.”

5. Consider debt consolidation through a personal loan. Consolidating all your debt into one convenient payment can really help if you have multiple higher-interest debts. “It combines those debts into one convenient payment at a lower overall interest rate,” Matysik says.

This is the path George chose. “I liked the personal loan’s interest rate and that most of my debt ... was consolidated,” he says. Prior to consolidation, George paid up to $1,100 a month toward his debts. “Once I consolidated, I could pay the $683 minimum, but on average, I paid well above that—around $800 a month.”

Vargo often recommends debt consolidation. “Loans don’t typically get people into trouble,” he says. “Lines of credit do.”

“A personal loan is a great tool for consolidating debts between $2,500 and $35,000,” Matysik adds. “It offers fixed rates and, in some cases, as with Discover Personal Loans, flexible repayment plans.” Locking in a lower fixed rate may eliminate hundreds or thousands of dollars in future interest payments, and, explains Matysik, those flexible repayment plans allow people to choose the best loan repayment schedule.

6. Set milestones. To stay engaged, create small, measurable milestones that positively reinforce your initiatives.

For instance, pick the debt you have with the highest interest rate, and make that your focus. When you pay off that first debt, treat yourself to something nice. “As humans, we need small wins along the way — like that feeling you get with a zero balance,” Vargo says.

And once you meet your end? Vargo suggests spending that once-monthly payment amount on something fun. “It’s your money and you earned it,” he says. “Then, the next month, put it all into savings.”

It took George and his wife about three years to pay off the $23,000 he owed. But once they did, “it was just a huge weight off our shoulders,” he says, adding that the experience has made him more mindful of spending. “Now, if I don’t have the money in the bank, I won’t spend it.”

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