

# **The Debt Analyzer for Windows**

A Financial Software Tool  
for  
Debt Reduction  
and  
Debt Elimination

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## TABLE OF CONTENTS

### **General Information**

- Disclaimer
- About Insight Software Solutions
- Program Support

### **Getting Started With the Debt Analyzer**

- System Requirements
- Installation
- Running The Debt Analyzer

### **Debt Reduction Explained**

- Debt Elimination Schedules
- Loan Consolidation Schedules

### **Main Window**

- Debt Elimination Input Fields
- Loan Consolidation Input Fields
- Debt List Box
- Client Input Fields
- Miscellaneous Input Fields
- Miscellaneous Buttons

### **Menu System**

- File Menu Option
- Options Menu Option
- Reports Menu Option
- Help Menu Option

### **Debt Entry Dialog**

### **Debt Elimination Report Dialog**

### **Loan Consolidation Report Dialog**

### **Client Selection Dialog**

### **Debt Elimination Payoff Strategies**

## **General Information**

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### **Program Support**

As a registered user, you will receive notification of major updates and new products. Registration includes a 90 day support policy where free updates will be provided for major problems. If a problem cannot be resolved, then a refund of money will be made.

Insight Software Solutions offers support through the mail, phone, fax, BBS and CIS. Please refer to the address and phone numbers on the previous page. Our official support BBS is the Rocky Mountain Software BBS (RMS). RMS can be reached 24 hours a day at (801) 963-8721 where a conference dedicated to us can be found. Our latest software products and versions, bulletins, news and message system are located on RMS under conference #4. RMS accepts modem baud rates of 1200 to 38400.

## **Getting Started With the Debt Analyzer**

### **System Requirements**

The Debt Analyzer for Windows has been written to run under Windows version 3.1. It requires close to a megabyte of hard disk space and slightly more during the installation process.

### **Installation**

The Debt Analyzer contains a SETUP program which is used to install The Debt Analyzer onto your hard disk and make itself available under Windows. The Debt Analyzer and associated files will be placed in a group named "ISS (Insight Software Solutions) Financial Tools. To run the Setup program, select "File" from the program manager and select "Run" from within the File Menu. Enter "A:\SETUP" (B:\SETUP if disk is in drive B:) and press enter. On screen instructions will then be given.

### **Running The Debt Analyzer**

The Debt Analyzer cannot be run from the floppy disk as the files are compressed. You will need to install the program first (see above). To run The Debt Analyzer, simply double click on The Debt Analyzer Icon that can be found in the ISS Financial Tools group.

## **Debt Reduction Explained**

The Debt Analyzer is a software tool designed to help reduce and eliminate debt and illustrate savings of potential hundreds of dollars in the process.

### **Debt Elimination Schedules**

The Debt Elimination Schedule is designed to take all your current debt information and project a possible solution for eliminating your debt. The solutions generally show significant savings in interest (interest that does not go to the creditor) by following the schedule instead of merely making the same current payments.

**How does it work?** Each of your debts is given a priority. Each month, your payments are made to each debt. Once one debt is completely paid off, then the payment that was earmarked for the paid off debt is then applied towards the highest priority debt. This then accelerates the payment on the highest priority debt. Loan acceleration (early payoff of a loan) is what produces your interest savings. To sum it up--as debts are paid off, the payments for those debts are applied to the highest priority debts that have not been paid off. Several options are available which can help accelerate and optimize your debt elimination schedule. These include using minimum payments, applying extra payments and selecting a priority method.

### **Loan Consolidation Schedules**

The Loan Consolidation Schedule is designed to take all your current debt information and combine it into a single new loan.

**How does it work?** The new consolidated loan is presumed to have a lower overall interest rate than the combined existing debts. It is the lower interest rate that makes loan consolidation so appealing--it results in lower overall payments and less interest paid on the loan. Credit cards typically have high interest rates associated with them while Bank or Credit Union loans usually have much lower rates. It is therefore relatively easy to take all your credit cards balances, add them up, get a new loan from a bank, and payoff your credit cards. The bank loan will save you money through interest savings. The Debt Analyzer allows you to create loan consolidation schedules and will determine the amount of money you can save by doing so.

Several options are available to tailor the loan consolidation to your specific needs. These options are made available through the loan consolidation method input field. Depending on the method selected, you may have to enter a new monthly payment or the number of months in the new loan.

## Main Window

### Debt Elimination Input Fields

**DEBT ELIMINATION SCHEDULE:** Selecting this box activates the debt elimination inputs and deactivates the loan consolidation inputs. This is for producing debt elimination reports.

**USE MINIMUM PAYMENT:** By checking this box, The Debt Analyzer will create a schedule using the minimum payments for each loan each month. Any debt which had a current payment higher than the minimum payment will have the difference between the current and minimum payment applied to the highest priority loan. For example: If priority loan #8 has a current payment of \$100.00, but the minimum payment is only \$60.00, then the difference (\$40.00) will be applied to priority loan #1. Priority loan #8 will then only have \$60.00 applied to it each month. You can therefore have The Debt Analyzer automatically shuffle your payments around to best meet your priorities in paying off your debts.

**EXTRA PAYMENT:** This allows you to add an extra monthly amount to be applied to your debts. Let's say that all your debts add up to \$450.00 a month, but you have \$500.00 available to apply to your debts. You may add \$50.00 to the extra payment field. Why would you want to do this? Because applying the extra money will accelerate your loan payoff and save you even more in interest. Try it and see.

**PRIORITY METHOD:** This is the priority in which you want to payoff your debts. You may choose one of 9 predefined priorities or you may enter your own priority by choosing the User Specified option. The predefined methods are as follows:

Highest Rate First--The debts with the highest interest rates are paid off first.

Smallest Debt First--The debts with the smallest balance are paid off first.

Largest Debt First--The debts with the largest balance are paid off first.

Smallest Minimum Payment First--The debts with the smallest minimum payment are paid off first.

Largest Minimum Payment First--The debts with the largest minimum payment are paid off first.

Smallest Current Payment First--The debts with the smallest current payment are paid off first.

Largest Current Payment First--The debts with the largest current payment are paid off first.

Shortest Term Debt First--Under the current conditions, the program determines how long it will take to payoff each debt given the payment, balance and interest rate. Those debts which normally take the shortest time to be paid off are given the highest priority to be paid off first.

Longest Term Debt First--Under the current conditions, the program determines how long it will take to payoff each debt given the payment, balance and interest rate. Those debts which normally take the longest time to be paid off are given the highest priority to be paid off first.

### Loan Consolidation Input Fields

**LOAN CONSOLIDATION:** Selecting this box activates the loan consolidation inputs and deactivates the debt elimination inputs. This is for producing loan consolidation reports.

**METHOD:** When consolidating a loan, you may choose an automatic method or specify either the amount you want to pay on the new loan or the number of months you want to pay on the new loan. In the automatic method, the payment is automatically determined by the total of the payments on all current debts. The term of the loan is then calculated automatically. If you elect to specify the new loan amount, the number of months to pay will automatically be calculated for you. If you elect to specify the number of months to pay, then the payment amount will

automatically be calculated for you.

**NEW INTEREST RATE:** This is the interest rate of the new consolidated loan. You may specify it in terms of the APR or Effective Rate. APR refers to the "Annual Percentage Rate". This rate is used by simply dividing it by 12 and using the result as a monthly factor. However, because this monthly factor gets compounded 12 times during the year, the actual interest rate you pay is higher. This higher actual rate is called the "Effective Rate". Lets take an example. If the APR is 18%, then the effective rate would be 19.5618% which is the 18% divide by 12 compounded 12 times during the year. Most credit cards specify their interest rate in terms of the APR.

**MONTHLY PMT:** It is the monthly payment you wish to make on your new consolidated loan. By specifying the payment amount, the number of months to make the payment will automatically be calculated for you.

**MONTHS IN LOAN:** It is the number of months you wish to pay on your new consolidated loan. By specifying the term, the monthly payment will automatically be calculated for you.

### **Debt List Box**

**LIST BOX:** The Debt List Box list all the current debts that have been entered. You may add, edit or delete debts. To add a new debt, click on the Add button and you will be taken to the Debt Entry Dialog where you may enter information on a new debt. You may edit an existing debt by double clicking on the debt in the list box. Alternatively, you may simply highlight the debt in the list box and then click on the Edit button. Editing a debt also takes you to the Debt Entry Dialog, but the debt information will be present for editing. To delete a debt, you highlight the debt in the list box and then click on the Delete button. If you wish to clear all the debts, you may press the Remove All button.

**ADD BUTTON:** This allows you to enter debt information about a new debt. The Debt Entry Dialog will appear after clicking on this button and will no information in it.

**EDIT BUTTON:** This allows you to edit an existing debt entry. The debt that is currently highlighted in the Debt List Box is the debt that will be edited. Clicking on this button will bring up the Debt Entry Dialog and it will be filled with the debt information. You may then make changes to any of the debt information as necessary.

**DELETE BUTTON:** This allows you to remove debt information that is no longer needed. The highlighted debt in the Debt List Box will be the debt that is deleted.

**REMOVE ALL BUTTON:** This is a quick and easy way to remove all debts from the screen. This is useful for starting over or entering information for a new client. To prevent accidental removal, you will be prompted before any action is taken.

### **Miscellaneous Input Fields**

TITLE: This is a title line that appears at the top of all reports.

START DATE: This is the date that you will begin to make payments on the loan (for a new consolidated loan) or on the loans (for debt elimination schedules).

### **Miscellaneous Buttons**

REPORT BUTTON: This invokes the Report Dialog. However, it first checks all the debt information for invalid conditions. If any are found, then a warning is displayed indicating the problem. You will not be able to go on to the reports until the problem is resolved.

HELP BUTTON: This simply invokes the help system at the main index.

CLOSE BUTTON: This provides a quick exit from the program.



## **Menu System**

### **File Menu Option**

The "File" option on the Menu displays three options. They are "Open", "Save" and "Exit". Selecting Open allows you to load any information you may have previously saved. Selecting Save will save out the information you are currently working on which may be retrieved by the Open command. Selecting Exit will terminate the program.

### **Options Menu Option**

The "Options" on the Menu lists one item that is configurable. This is the "Sound",. Selecting Sound allows you to disable/enable the sound effects within the program.

### **Reports Menu Option**

The "Reports" on the Menu lists the valid report options and those that are currently available.

### **Help Menu Option**

The "Help" option in the Menu brings up several choices. Selecting Contents will take you directly to the Help Index while selecting About will display the version number and copyright notice of the program. The other selections are displayed as short cuts to common help topics.

## Debt Entry Dialog

This is where you enter information about each debt. This information includes the name of the debt, the minimum payment, current payment, balance, interest rate and priority payoff. Once all the information has been entered, select the Update Debt button. You may alternatively abort out of the Debt Entry Dialog without saving any changes by using the Cancel button.

### Input Fields

**NAME OF DEBT:** This is the name of the debt. This may be any type of loan that you may have--a credit card, a bank loan, a car loan or even a mortgage.

**MINIMUM PAYMENT:** This is the minimum payment that is required on the loan.

**CURRENT PAYMENT:** This is the current payment which you are making on the loan. If you are making the minimum payment, then enter the minimum payment.

**BALANCE:** This is the current loan balance. It is the amount that you currently owe on the loan.

**INTEREST RATE:** This is the interest rate that you are paying on the loan.

**PRIORITY:** This is the priority in which a debt is paid off. This field is can only be changed if the Priority Method is set to User Defined. Otherwise the priority is automatically set for the debt depending on the priority method selected. The lower the priority, the sooner the debt will be paid off. Therefore, a priority of 1 will be paid off before a priority of 2.

### Rate Types

Interest rates can be calculated in several ways and vary from credit cards, bank loans, car loans, etc. The Debt Analyzer provides a method in which you can specify the type of interest rate to be applied to the debt. A group of buttons appear on the entry screen which show the following: APR, Effective, Monthly and Daily. You may select one of these interest rate types. They are explained below.

#### APR & Effective

APR refers to the "Annual Percentage Rate". This rate is used by simply dividing it by 12 and using the result as a monthly factor. However, because this monthly factor gets compounded 12 times during the year, the actual interest rate you pay is higher. This higher actual rate is called the "Effective Rate". Lets take an example. If the APR is 18%, then the effective rate would be 19.5618% which is the 18% divide by 12 compounded 12 times during the year. Most credit cards specify their interest rate in terms of the APR.

#### Monthly

The Monthly Rate is simply the APR divided by 12. This is sometimes shown on credit cards.

#### Daily

The Daily Rate is an amount that is applied each day. This is another method used by credit cards. You actually are charged more interest for months with 31 days than you are for months with 30 days. The Debt Analyzer will calculate the interest due for the month based on the number of days in the month. All the other interest rate methods listed above treat each month equal when it comes to computing interest.

## **Buttons**

**UPDATE DEBT:** Once you have completed all the information in the Debt Entry Dialog, you press the Debt Update Button to save it. This saves the debt information and brings you back to The Debt Analyzer main window. The changes will be displayed in the Debt List Box.

**CANCEL:** This allows you to abort any changes that you have made in the Debt Entry Dialog.

**HELP:** This invokes the help system with the Debt Entry Dialog as the current topic.

## Debt Elimination Report Dialog

This dialog presents many options for customizing the reports and provides a way to view or print the desired reports. You may select to print a report schedule by showing payments and balances, payments only or a report summary. Options are available for using cumulative values, whole dollars and selecting different date formats. In addition, a calendar or fiscal year may be selected.

### Inputs Fields

**PAYMENTS & BALANCE:** This indicates a report to be generated which will show the payments to be made and the current balance of the loan after the payment has been made.

**PAYMENTS ONLY:** This produces a report which shows only the payments that are to be made and at what times.

**SUMMARY:** This indicates that the report to be printed is a summary of the debt elimination. It lists all the current debts, payments, rates, time of payoff, etc. and then it lists the elimination plan to be taken and indicates the amount of interest to be saved by following the plan.

**CUMULATIVE VALUES:** This indicates that the schedule is to show values in a cumulative fashion. For example, if a monthly payment is \$50.00 then the first month would show \$50.00, the second month would show \$100.00, the third month would show \$150.00 and so on. The actual monthly payment is only \$50.00, but the cumulative or running total is illustrated.

**DOLLAR VALUES:** This instructs the reports to be generated using values that are rounded to the whole dollar. You may want to choose this option if you are using very large numbers or just prefer to have everything in whole dollars.

**DATE FORMAT:** This specifies the format of dates that may appear in the reports. The following options are available and they produce the following output assuming the date is March 30, 1994.

MM/DD/YY	=	03/30/94	MM-DD-YY	=	03-30-94
MM.DD.YY	=	03.30.94	MM/DD/YYYY	=	03/30/1994
MM-DD-YYYY	=	03-30-1994	MM.DD.YYYY	=	03.30.1994
DD/MM/YY	=	30/03/94	DD-MM-YY	=	30-03-94
DD.MM.YY	=	30.03.94	DD/MM/YYYY	=	30/03/1994
DD-MM-YYYY	=	30-03-1994	DD.MM.YYYY	=	30.03.1994
YY-MM-DD	=	94-03-30	YY.MM.DD	=	94.03.30
YYYY-MM-DD	=	1994-03-30	YYYY.MM.DD	=	1994.03.30
MMM YYYY	=	Mar 1994	DD MMM YY	=	30 Mar 94

**YEARLY BASIS:** This function allows you to select how the cumulative totals of the schedule are to be displayed. They can be displayed on either a calendar or fiscal year basis. A fiscal year basis displays the totals at exact yearly intervals. For example, a loan paid monthly which starts in March would show totals each March. If a calendar basis is chosen, totals would be shown at the end of each calendar year. For example, a loan which starts in April would show totals each December or end of the year.

## **Buttons**

**PRINT BUTTON:** Pressing this button generates the desired report and sends it directly to the printer.

**VIEW BUTTON:** Pressing this button generates the desired report and displays it in a window. If multiple pages are generated, a Next Page Button appears which allows viewing of subsequent pages.

**HELP BUTTON:** This invokes the help system with the Report Dialog as the topic.

**CLOSE BUTTON:** Pressing this button exits you from the Report Dialog and returns you to the main window.

## **Loan Consolidation Report Dialog**

This dialog presents many options for customizing the reports and provides a way to view or print the desired reports. You may select to print a report schedule or summary. Options are available for using cumulative values, whole dollars and selecting different date formats. In addition, a calendar or fiscal year may be selected.

### **Inputs Fields**

**SCHEDULE:** This indicates that the report to be generated is an amortization schedule which reflects the new consolidated loan.

**SUMMARY:** This indicates that the report to be printed is a summary of the loan consolidation. It lists all the current debts, payments, rates, time of payoff, etc. and lists the new consolidated loan parameters. The amount of interest to be saved is illustrated.

The remaining input fields and buttons are used in the same manner as those in the Debt Elimination Report Dialog. These include the Cumulative Values, Dollar Values, Date Format, Yearly Basis, Print Button, View Button, Help Button and Close Button. Please refer to the section entitled Debt Elimination Report Dialog.

## **Debt Elimination Payoff Strategies**

In many cases, the priority payoff option you choose will simply be a matter of preference. However, certain options offer either real or psychological advantages. The Highest Rate First should always yield the best results in terms of the amount of interest saved. Simply put, the debts with higher rates are going to cost you more--so the sooner they are paid off, the better off you will be. Many people advocate that you should pay off the smallest debts first (select Smallest Debt First or Shortest Term Debt First). Your debts will begin to disappear quicker giving you the feeling that you are accomplishing your goal--Getting out of Debt! This satisfaction may be well worth the few extra dollars you may pay in interest by not following the Highest Rate First method.