GETTING STARTED

Debt-to-income calculator

Figure out your debt-to-income ratio to see how much of your income goes toward paying debt each month.

Determining your debt-to-income ratio is one way to check the overall health of your finances. It measures how much pressure debt is putting on your budget, which helps you decide if you can handle more debt.

For example, if you have a debt-to-income ratio of 36 percent, then 36 cents of every dollar earned is going to pay for debt, leaving you 64 cents to pay for everything else.

A high debt-to-income ratio could affect your ability to get additional credit because creditors may be concerned that you won't be able to handle their debt on top of what you already owe.

You can also use the debt-to-income ratio as a benchmark for reducing your debt—as your debt decreases, so will your debt-to-income ratio. This means money is being freed up to use on other things like saving, expenses, and emergencies.

What to do

- **Complete the "Debt log”** to figure out your total monthly debt payment. If you have court-ordered fixed payments, such as child support, count these as debt for this purpose.
- **Figure out your gross monthly income** (before taxes or insurance). This includes money earned from a job or child support payments you may receive. If your income varies from month to month, estimate your income on a typical month (it's better to estimate lower for the purposes of this tool).

A step further

If your debt-to-income ratio is above the guidelines, use the “Debt action plan” to help reduce your debt and lower your debt-to-income ratio.

The **Debt-to-income calculator** gives you a benchmark for planning

1. Enter your total monthly debt payment on the first line of the equation. You can copy it from the "Debt log."
2. Enter your gross monthly income on the second line. If your income varies from month to month, estimate what you receive in a typical month.
3. Calculate your debt-to-income ratio and review the recommended ratios to see how yours compares.

Lenders use your debt-to-income ratio when considering your loan application.

CALCULATE YOUR DEBT-TO-INCOME RATIO	
Your total monthly debt payment includes credit card, student, auto, and other loan payments, as well as court-ordered fixed payments, like child support	
Divide by **your gross monthly income** which is all of your income before taxes and insurance	÷
Multiply by 100 to calculate **your current debt-to-income ratio**	%

Here are some guidelines to think about:

HOMEOWNERS

Consider maintaining a debt-to-income ratio for all debts of 36 percent or less. Some lenders will go up to 43 percent or higher. Your home mortgage is included in this ratio.

RENTERS

Consider maintaining a debt-to-income ratio for all debts of 15-20 percent or less. Your rent is not included in this ratio.

If your debt-to-income ratio is higher than the guideline (as either a homeowner or renter), you may want to think about ways to lower debt to put less pressure on your budget. Use the "Debt action plan" for help.

Mortgage lenders look at your debt-to-income ratios for both total debt and mortgage debt when considering your loan application. If you're a homeowner, you can also calculate your mortgage debt-to-income ratio.

CALCULATE YOUR MORTGAGE DEBT-TO-INCOME RATIO

Your total monthly mortgage debt payment includes **only** the principal and interest on your mortgage. Your property taxes, insurance, and condo or homeowner association fees may or may not be included in your monthly mortgage payment	
Divide by **your monthly gross income** which is all of your income before taxes and insurance	÷
Multiply by 100 to calculate **your current mortgage debt-to-income ratio**	%

Here are some guidelines to think about:

MORTGAGE DEBT FOR HOMEOWNERS

Consider maintaining a mortgage debt-to-income ratio of 28 to 35 percent.

If your ratio is higher than the guidelines, and you want help, consider contacting a certified HUD housing counselor. Find a certified counselor by visiting consumerfinance.gov/find-a-housing-counselor.

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