

HOW TO REDUCE OR ELIMINATE YOUR CREDIT CARD DEBT

Credit card debt is a growing problem. Most people carry balances each month. With the interest rates on credit cards charging as high as 25% and growing without the other fees such as late fees, consumers find it difficult to pay down these balances. Paying the minimum payment they calculate will keep you in debt for years while paying for those original purchases many times over. Here are a few suggestions:



1. Don't charge any further, if possible. Use cash, check, or debit cards at least until these pesky credit cards are paid out. This will help you to reduce your spending because the cash might not be available when you want to buy.
2. Make a list of all your credit cars with the balances owed, the minimum payment required and the interest rate charged.
3. Total your monthly minimum payments.
4. Check your budget and see how much extra you can pay each month. Even an extra \$20 a month will help. The more you pay over the minimum will pay that balance down faster.
5. Pay the additional funds on the credit card with the highest balance and highest interest rate. If the highest balance is not the one with the highest interest rate, choose the credit card with the highest interest rate.
6. When that card is paid off, work on the balance with the next highest interest rate. You will want to pay the amount you paid each month plus the extra on the first card, and add it to the minimum payment required on the second card. For example, on credit card 1. You paid a minimum of \$50 plus and extra \$20 each month until it was paid out. The second credit card has a minimum of \$45. Your monthly payment should be the \$45 plus the \$70(\$50 +\$20) from the first card paid out.
7. Do this until all your credit cards are paid out.

WHY DOES THIS WORK?

Minimum payments on credit cards are calculated as a percentage of the outstanding balance. This is why the minimum amount changes each month. With the steps taken above, your minimum payment calculated by the credit card company will slowly decrease, but if your payment stays the same, you will retire that debt much more quickly.

Keep in mind that this is not a quick fix and you will have to be patient to see results. Give it a try.

