

Organize & Eliminate Credit Card Debt

If you are seriously struggling with debt, be assured that you are in the majority and not the minority! Unfortunately, many of our clients come to us after they have exhausted all resources. Therefore, as a proactive tool, we would like to assist people in managing their debt so that they do not find themselves in a position where they have few options. Here are some things that you can do to organize and beat the credit card trap and regain financial control, before it is too late.

1. If you are like many people who are finding themselves falling deeper and deeper into the abyss of credit card debt; then you are someone who has credit card debt, and you are finding it harder and harder to manage. If you are serious about ridding yourself of it - then you need to take action! By ridding yourself of the problem, we mean **cut your credit cards up!**
2. Improve your current situation by making the payment on your credit card balances as easy as possible. Find out how much interest you are paying on your balances. When you have determined the amount, **approach the credit card companies and tell them it is too high and request that they lower the interest rate in which they are charging you.** If your company says no, tell them you will be closing your account this week and transferring your balance to a competitor who offers you a better rate. In many cases, you will be able to cut your rate in half and they may even waive the annual fee for the card.
3. You must vow to direct a majority of your monthly cash flow to a **credit card debt reduction plan** and remain consistent with this until all of your credit card debt is eliminated.
4. Make a list of the current outstanding balances on each of your credit card accounts. Divide each balance by their minimum monthly payment amount. For example, if your outstanding MasterCard balance is \$500 and the minimum monthly payment due is \$50. Divide the total debt (\$500) by the minimum payment of (\$50) which gives you a final ranking number of "10". Figure out the final ranking number on each and every one of your credit card accounts. Once you have figured out the final number for each card, rank them in reverse order, putting the account with the lowest number first, the one with the second lowest number next and so on and so forth. Your table will look something like the following:

You have now organized your credit card debts in the most efficient order in which to pay off the balances. Apply the majority of what you have dedicated for your payment plan to the credit card at the top of your list. Continue to make the minimum monthly payments on all of the other cards. Continue this payment plan until the first card on the list is completely paid off, then cancel your card, and turn your attention to the card that is next on your list. Continue this until you have paid each and every balance, rendering you **debt free!**

Account	Outstanding Balance	Monthly Minimum Payments	Final Ranking Numbers	Ranking Number Lowest - Highest
MasterCard	\$500	\$50	10	1
Sears Card	\$775	\$65	12	2
Visa	\$1,150	\$35	33	3

Note: Credit that is available to you is still considered debt, by your creditors. If you have a zero balance owing on a credit card that has \$5,000 credit available to you, then future creditors will consider this \$5,000 debt. Many times, a creditor (i.e. bank) will increase your interest rate if they believe that you have too much credit available to you. Therefore, don't just cut them up, CANCEL them. You may want to maintain one credit card in order to continue building a good credit rating on your credit report. Make sure that they report to the credit bureau.