

Title:

A Simple Way to Begin Eliminating Your Credit Card Debt Now!

Word Count:

795

Summary:

Recently, a friend of mine who, like many, is easily confused when it comes to financial matters, asked me to take a look at her monthly statement for a credit card she's been trying hard to pay off, but feels like she isn't getting anywhere. In this article, I'll share with you the same simple strategy I shared with her that you can use to begin eliminating your credit card debt right now.

Keywords:

credit card, credit card debt, eliminate credit card debt, credit card debt reduction, reducing credit card debt, credit card debt elimination

Article Body:

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Recently, a friend of mine who, like many, is easily confused when it comes to financial matters, asked me to take a look at her monthly statement for a credit card she's been trying hard to pay off, but feels like she isn't getting anywhere.

I gladly took a look at her credit card statement and the very first thing I noticed, which almost floored me, is the interest rate she's paying...

29.99%!

That's right...

29.99%...

Wow!

I don't know where I've been (obviously not looking at credit card statements :-)), but I thought this was illegal.

Her credit card balance is \$5,141.06.

If she doesn't charge anything else on this credit card, which she hasn't been,

and if she continues to make the minimum required monthly payment, as she has been, based on the way her bank calculates her minimum required monthly payment...

It'll take her 339 months to pay off her current credit card balance of \$5,141.06 and she'll pay a total of \$12,345.65 in interest.

In other words...

If she continues doing what she's been doing...

It'll take her 28.25 years and cost her \$17,486.71 to pay off her \$5,141.06 credit card balance.

No wonder she feels like she isn't getting anywhere...

She really isn't!

So...

What should she do?

Well...

There are a number of things she could do.

However...

One of the simplest things she could do would be to continue making the same minimum required monthly payment she'll be making this month, every month from now on.

Why?

Simple...

Because she's already in the habit of making a monthly payment of at least this much on her credit card.

You see...

Most banks and credit card companies figure the minimum required monthly payment based on a percentage of the credit card balance due or a specific fixed dollar

amount, whichever amount is higher.

Therefore...

Generally, the minimum required monthly payment goes down as the credit card balance owed goes down until the minimum required monthly payment gets down to the minimum required dollar amount.

In her case...

Her bank's minimum required monthly payment is 3.5% of her credit card balance or \$10.00, whichever amount is higher.

This month her minimum required monthly payment is \$184.93 of which \$134.87 is interest, with only \$50.06 applied to the balance.

If she were to do absolutely nothing else but make this \$184.93 payment *every* month from now on...

She'd pay off this credit card in 49 months instead of 339 months and she'd pay \$3,749.46 in interest instead of \$12,345.65 in interest, saving \$8,596.19 in interest charges!

Big difference, isn't it?

Now...

If she really wants to go for it...

She could increase the amount of her "new" self-imposed minimum required monthly payment.

For example...

If she were to start paying an additional \$15.07 a month for a total of \$200.00 a month...

She'd pay off this credit card in 42 months instead of 339 months and she'd pay \$3,191.78 in interest instead of \$12,345.65 in interest, saving \$9,153.87 in interest charges.

If she were to start paying an additional \$40.07 a month for a total of \$225.00 a month...

She'd pay off this credit card in 35 months instead of 339 months and she'd pay \$2,574.37 in interest instead of \$12,345.65 in interest, saving \$9,771.28 in interest charges.

If she were to start paying an additional \$65.07 a month for a total of \$250.00 a month...

She'd pay off this credit card in 30 months instead of 339 months and she'd pay \$2,165.81 in interest instead of \$12,345.65 in interest, saving \$10,179.84 in interest charges.

If she were to start paying an additional \$90.07 a month for a total of \$275.00 a month...

She'd pay off this credit card in 26 months instead of 339 months and she'd pay \$1,874.29 in interest instead of \$12,345.65 in interest, saving \$10,471.36 in interest charges.

If she were to start paying an additional \$115.07 a month for a total of \$300.00 a month...

She'd pay off this credit card in 23 months instead of 339 months and she'd pay \$1,654.79 in interest instead of \$12,345.65 in interest, saving \$10,690.86 in interest charges.

And so on.

Now...

If she really, *really* wants to go for it...

She could double the amount of her "new" self-imposed minimum required monthly payment.

If she were to start paying \$369.86 a month instead of \$184.93 a month...

She'd pay off this credit card in 18 months instead of 339 months and she'd pay \$1,254.35 in interest instead of \$12,345.65 in interest, saving \$11,091.30 in interest charges.

Huge difference, isn't it?

As I said above, there are a number of things she could do, but this is one of

the simplest and it's something she can start doing right *now* to begin eliminating her credit card debt...

And...

So can you! :-)

If all you do is stop charging on your credit card and continue making the same minimum required monthly payment you'll be making on your credit card this month, every month from now on, you'll make significant progress towards totally eliminating your credit card debt once and for all.