

Title:

Credit Cards: An Unnecessary Evil

Word Count:

630

Summary:

Credit is easy to get and hard to get out of. Find out how to take control of your credit and get out of debt. Get out of debt and into life!

Keywords:

debt, debt control, finance, finances, financial, money, financially free, out of debt, financial freedom, personal finance, credit, credit cards

Article Body:

Why are we in debt? Why is a majority of all people living with debt beyond their means? We all have debt, this seems to be the nature of life, but why is it that our debt at least equals or exceeds what we can afford?

It is really quite simple. This is what the credit card companies allow, this is what they want and this is how they make it rich. The worst part is that they love for us to fall behind.

Everybody likes to get paid on time, but your creditors actually prefer the opposite. They want you to be late!

Now granted they don't want you to be too late or to default, but a week or two is just great. Let's just think what a late payment means to them. You are still paying, but you are a week or two late. Their late fee is \$30. They just made \$30 for doing nothing. You are already maxed out, so this fee puts you over your credit limit. This earns them another \$30 for, again, doing nothing.

You can now make your minimum payment of \$20. The math does not work in your favor. Let's just say that you have \$15 in interest for the month. Your total costs are; \$15 in interest + \$30 late fee + \$30 over limit fee = \$75 charged to your account. You pay \$20, which leaves you \$55 worse than when you started and you have nothing to show for it.

This is why credit cards are evil and we must learn to do without them!

The first step in this process is to gather up all of your credit cards and

destroy them. You can save one or two, but get rid of the rest. Just pick the ones with the lowest interest rates and preferably no annual fee. Store your select few in a safe place that is not easily accessible.

This may seem extreme, but most people do not have the will power to simply not use the card. They look at their statement, see \$50 or \$100 dollars in available credit and look at it as free money. There is no such thing.

If you can't bring yourself to cutting up your cards, at least gather them all up and store them somewhere that would take some effort to get to. A safe deposit box is always a good idea. You can also have someone that you trust hold on to them or hide them.

The key is to not have them accessible for those impulse purchases that we come across every day. Once we pass the moment, chances are that we will realize that we don't need to make that purchase or probably forgot about it all together. We are now even closer to getting out of debt.

Don't forget to cancel the cards that you are no longer going to use. Most credit cards have an annual fee, anywhere from \$30 to \$100. This is wasted money that you can use to apply towards the balance.

Some cards may charge you a closed account fee to persuade you to stay with them. At this time you need to analyze the impact. I recently cancelled a card that is charging me \$3.50 a month in closed account fees. My annual fee is \$59. 12 months at \$3.50 is \$42. I am still ahead of the game by \$17, or more, if I pay it off within a year. The most important part is that there is no way that I can use that card again and worsen my situation.

Now that the temptation is out of the way you can start paying them off. Just remember to pay at least the minimum, pay all accounts on time, and stop using credit. Now step back and enjoy the road to financial freedom.