

Title:

An Easy Way To Eliminate Your Credit Card Debt

Word Count:

653

Summary:

There are millions of Americans out there who have paid off heavy credit card debt, and you may be one of them. To get rid of credit card debt, it won't be enough, however, to just make minimum monthly payments. Do you know that you just need to do a little more than just paying the minimum monthly payments; you can save thousand of interests and shorten many in years in settling your credit card debt.

Keywords:

credit card debt, debt relief, debt settlement, credit card, get rid of debt, debt free, debt

Article Body:

There are millions of Americans out there who have paid off heavy credit card debt, and you may be one of them. To get rid of credit card debt, it won't be enough, however, to just make minimum monthly payments. In fact, you just need to do a little more than just paying the minimum monthly payments; you can save thousand of interests and shorten many years in settling your credit card debt. To give you a better picture how it work, let use a case study to elaborate the solution.

Case Study:

A friend of mine asked me to take a look at her monthly credit card statement; according to her, she has stopped using this credit card and try to pay it off, but feels like she isn't getting anywhere.

The credit card statement record shows her balance is \$5218.00 and she is paying 18% of interest; and she is paying the minimum payment at 3.5% or \$10 whichever is higher. Like many who confuse with financial matters, she thinks that as long as she stops using the card and by just paying the minimum of monthly balance, her credit card debt will be cleared soon.

The Calculation Result:

If she has stopped using this credit card, 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 will take her 181 months to pay off her current credit card balance of \$5,218.00 and she will pay a total of \$3762.35 in interest.

In other words, if she continues doing what she has been doing. It will take her 15 years and cost her \$8980.35 to pay off her \$5218.00 credit card balance. No wonder she feels like she is not getting anywhere.

So, what should she do?

Actually, it quit simple, if she able to pay the minimum payment of \$5,218.00, which is \$181.37, which means this is her affordable amount. Instead of paying the minimum payment as defined by the credit card company, she continues to pay \$181.37 from now on.

As the result, she will pay off this credit card in 43 months instead of 181 months and she will pay \$1635.45 in interest instead of \$3762.35 in interest, saving \$2126.90 in interest charges. See the different?

What she can more?

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 \$18.63 a month for a total of \$200.00 a month.

She will pay off this credit card in 34 months instead of 181 months and she will pay \$1428.30 in interest instead of \$3762.35 in interest, saving \$2334.05 in interest charges.

If she were to start paying an additional \$68.63 a month for a total of \$250.00 a month, she will pay off this credit card in 26 months instead of 181 months and she will pay \$1071.09 in interest instead of \$3762.35 in interest, saving \$2691.26 in interest charges.

If she really wants to eliminate her credit card debt as soon as possible and her financial is able to support it, she could double the amount of her "new" self-imposed minimum required monthly payment. If she were to start paying \$362.74 a month instead of \$181.37 a month, she could pay off her credit card balance in 17 months.

In Summary

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. You can do the same to start eliminate your credit card debt.

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