

Taking Control of Credit Card Debt

If you are only making the minimum monthly payment on your credit card, you're doing yourself a huge disservice. Instead, step back, breathe deeply, and take the necessary steps to get your credit card debt under control.

Signs You Could Be Heading for Trouble

- depending on credit to pay for the basics like food and utilities
- responding to offers to transfer balances from one card to another
- increasing your credit limits
- leaving no cushion in your financial life for even a small or unplanned expenditure
- making only minimum monthly payments
- ignoring credit card statements (or other bills)
- maxing out all of your credit cards

Fixing the Problem

First and foremost: GET HELP. You don't have to face this alone. It's easy to lose control of your spending, but there are ways to regain control.

Gaining control involves taking deliberate and positive steps. The first step is to do a realistic assessment of your budget. If you haven't set up a budget, now is the time to begin. See the [Monthly Budget Worksheet](#) to get started.

Knowing what money is coming in (income) and what money is going out (expenses) is critical in order to determine where to begin taking steps to fix the problem.

Consider only using the credit card with the most favorable terms. You should also try to limit the number of credit cards you have -- too many open lines of credit may have a negative impact on your credit score. See the [Your Credit Score](#) fact sheet for more details.

Contact your creditors if you're having difficulty making your monthly payments. Try to work out a modified payment plan that reduces your monthly payment to a manageable amount. Creditors would like to work with you to help you pay off your loans and repair your credit rather than have you default on your credit obligations.

Other Options to Consider:

- Talk to your financial aid officer. They may have worked with students in similar situations and may be able to provide helpful guidance or financial assistance when an unplanned crisis occurs.

- If your situation is more complicated, and you can't work out a modified payment plan with your creditors, or if you aren't disciplined enough to create a budget, consider contacting a credit counseling organization. The United States Department of Justice provides information for consumers as well as a list of [Approved Credit Counseling Agencies](#).

Know the Credit Card Rules

While you are taking positive steps to get out from under your credit card debt, pay attention to the rules that are designed to provide protection to consumers. Become a knowledgeable consumer and know your rights. If a credit card company acts unfairly or deceptively, a complaint can be submitted to the [Consumer Financial Protection Bureau](#).

Don't fall into the minimum payment trap!

If your credit card has a 17% annual interest rate and a balance of \$2,000 and you only make minimum payments each month, it'll likely take you 17 years to pay off the card. You'll pay over \$3,000 in interest alone. Adding \$10 to \$20 to each monthly payment will pay off your debt faster and save you money.

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