



3 Big Debt Relief Tips

Here are the "big ones" that will help you quickly reduce your credit card debt and get out of debt faster.

In a culture where we buy stuff on plastic instead of saving for it, like we should, we run up huge credit card bills without the ability to pay them off in the same month.

So if you find yourself in a huge hole of consumer debt and need to know what to do to start to dig yourself out, here's a few pointers.

Pay More than the Minimum-ALWAYS

Whether you know it or not, your credit card debt is amortized just like a mortgage or personal loan. This means that **approximately 90% of your minimum payment goes to pay the interest** at the beginning of the cycle.

Usually the minimum payment is about 2% of your balance. That's why you can pay only \$10 a month on a \$500 card balance. Let's restate that: **that's why the card company ALLOWS you to pay only \$10 monthly on a \$500 balance.** That is exactly what they want you to do.

The minimum payment is set up for the **credit card company's benefit**, not yours. They want you to pay on that card for a long time and fill their pockets with your interest payments. It is a fact that it can take you up to 30 years to pay that \$500 balance using minimum payments.

Always pay more than the minimum. As much more as you can comfortably do. Adding just \$10 to the minimum every month can cut your term in half, possibly more!

Renegotiate Terms

If you have been a cardholder for a while, you may have a little more going for you than you think. Remember, the card company wants to keep you as a customer. This is true especially if you have **held that card for more than two years** and made timely payments.

If this is you, place a call to the card's customer service number to try to [negotiate a lower interest rate](#). State your case with the positive aspects of your account history and ask the rep if there is anything they can do to improve your terms since you're a good, longstanding customer.

You may be surprised at how fast these companies will lower rates, extend credit limits (not what you want in this situation) or upgrade your card to one with a lower rate and more benefits.

If the rep offers you an amicable solution, take it. If not, ask for a manager and tell them your story.

Use the Debt Snowball

This is the smartest way to go about reducing or eliminating your credit card debt. This method is outlined in the [debt snowball](#) and the [debt relief plan](#) articles.

- Take all your cards and write down the balances owed, the rates and the minimum payment amount.
- Arrange the cards in order from the highest rate to the lowest rate.
- Now add together all the minimum payments and add 10-15% to it. The card on top of the list is your target.
- From the money you added up, pay the minimum on all but the top card. The top card gets whatever is left.
- When the top card is paid off, remove it from the list and add that payment to the minimum of the next card and pay that one down until it goes away.

Do the same thing, called "snowballing", until you reach the last card on the list. When it is paid off, you are [debt free](#) except of course for your home loan and necessities.

This method can bring all your credit cards to a \$0 balance within 18 months, sooner in some cases.

These are only a few of the ways you can get out of credit card debt quickly. **All it takes is determination and a little discipline.**