

Managing Tough Times: Get Free of Credit Card Debt

Credit card debt can be intimidating but there are several ways you can reduce your debt. “If you are serious about eliminating your credit card debt once and for all, then cut up all cards except the one with the lowest balance and interest rate, and use it only for emergencies,” says Erin Ludwig, ISU Extension Program Specialist.

That first step will be the hardest because for some, it will be a lifestyle change – using cash or a debt card instead of credit. The next step will be to pay more than the minimum monthly payment. The lower the amount you pay each month, the longer you will be in debt. Always pay as much as you can each month and applying the most to the cards with the highest interest rate first.

Most people do not realize that getting a lower interest rate on a long-standing credit debt could be just a phone call away. Call each of your creditors and request a lower interest rate. Don't be shy. The worst thing that could happen is that they say no.

Track your expenses and income and then make a budget and stick to it. Shop with a list, buy generic and don't shop when you are hungry. Cut down on restaurants or avoid them all together until you are debt free and can celebrate. Review your cell phone bill. If you have a lot of unused minutes, cut back for a lower monthly payment. A pay-as-you-go phone could save you a lot of money. Don't waste money on nonessentials such as costly gifts, new clothing, jewelry, CDs, and gadgets until you are debt free. If you cut a hundred per month, that is another hundred you could put toward reducing your debt.

Sell what you don't need at a garage sale or through an online site. Don't spend pocket change. Put it in a piggy bank or jar. At the end of the month you'll probably have \$15 dollars to deposit in your checking and then apply to credit card debt. Sign up for over-time, apply for a second job or trade services with others such as babysitting or car pooling.

Keep banking costs down. It is important to know how much money you have in your account to avoid \$30 overdraft fees. Track every check and debit card transaction. Reconcile your account each month to record fees and check for error. At the ATM, limit or avoid surcharges by using your own bank's machines. If you need cash and are not near an ATM owned by your bank, consider getting cash back when you use a debit card to make a purchase at a supermarket. Don't be afraid to ask for a break. Your bank may waive or reduce a fee if you have been a good customer and don't have a history as a “repeat offender”. A lot of little changes can make a big difference in becoming debt free.

For more information on dealing with tough economic times, visit your local extension office or check out ISU Extensions Managing in Tough Times website- www.extension.iastate.edu/toughtimes website. The Iowa Concern Hotline offers 24 hour confidential assistance for those dealing with stress, financial concerns, and legal

questions. They can be reached by calling 1-800-447-1985. These resources can help you find reliable non-bias research based information.
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