



# Steps to Solving Your Credit Card Debt

Facing credit card debt and unsure how to get out of it?

THIS CHECKLIST CAN HELP YOU START SOLVING YOUR DEBT TODAY.

## What is Credit Card Debt?

- Credit card debt is any outstanding balance on your credit cards.
- It can include purchases you make on your card, interest charged, and any fees you owe.

## Credit Card APRs

- Credit cards have notoriously high interest rates.
- Types of Cards and APR (annual percentage rate):
  - Travel rewards: 15.62-19.24%
  - Airline: 14.62-21.99%
  - Hotel: 15.24-21.99%
  - Business credit cards: 13.12-19.87%
  - Cashback cards: 13.24-22.99%
  - Student credit cards: 13.99-22.62%

## Steps to Solve Credit Card Debt

- 1** Stop using your credit cards.
- 2** Create a budget.
  - Subtract your monthly expenses from your monthly income.
  - Look for ways to cut down on expenses — even a few dollars can help!
- 3** Stop using your credit cards.
  - Subtract your monthly expenses from your monthly income.
  - Look for ways to cut down on expenses — even a few dollars can help!
- 4** Stop using your credit cards.
  - Current balance
  - Interest rate
  - Minimum payment
  - Payment date
- 5** Contact your credit card companies and ask for reduced interest rates.
  - Many companies will lower your interest rate if you ask.
  - Even if they say no, it doesn't hurt to try.
- 6** Start paying your highest interest debt first.
  - Keep making minimum payments on your other cards.
- 7** Once the card with the highest interest rate is paid off, go to the next highest.
  - Continue this cycle until all cards are paid off.

## How do Credit Cards Work?

- A credit card works like a personal loan.
- The credit card company lends you money each time you swipe your card.
- All of the purchases you make get added to your credit card balance.
- It's best to pay off your balance in full at the end of each billing cycle.
- You'll be charged interest on any leftover balances.

## Credit Card Debt: A Silent Killer

- It's easy to rack up credit card debt without realizing it:
- You make purchases throughout the billing cycle.
- You make the minimum payment each month instead of paying off your balance.
- Interest is charged on your existing balance and added to the total you owe.
- You feel in control because you can afford the minimum payment.
- Before you know it, you owe thousands on your credit card from purchases and interest.

## Debt Counseling for Credit Card Debt

- Don't think you'll be able to pay off your credit card debt in five years?
  - Debt counseling may be right for you
- Debt counseling services negotiate with your creditors to try to lower interest rates.
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  - You make one combined payment to your credit counseling agency.
  - The agency uses your payment to pay each credit card bill.
  - This makes your credit card debt easier to manage.
- Enrolling in a credit counseling service with a company like United Settlement also shows your creditors you're serious about paying off your debt.
  - Sometimes this leads to more favorable negotiations.