

Creating the Budget, Exercise 17, Credit Card Management (Chapter 8)

If you have credit cards that are charging interest it is important that you develop a plan to pay them down. Note that the best financial path to paying down cards is to pay off the highest interest card first and pay the minimum payments on the others. Once the first card is paid down then you apply freed up money in addition to that current payment on that card. Repeat the cycle until the cards are paid off. Use **Credit Card Interest Tracker and Formula** to project your future performance. Once your cards are paid off you will open up more disposable income in the budget. Refer back to the chapter to see the examples of how to achieve this goal.

It is important to stay focused and patient if you have a large amount of debt to pay off as it will take some time to achieve your goal. This means that you may have to make sacrifices in your spending habits which is more than likely the reason debt exists. You may have to reduce your groceries, cable and cell phone bills, spending money and so on so that money can be used to make payments not only larger than the minimum payment but also enough to achieve a realistic goal.

Another path to seek is bill consolidation. If you have a strong enough credit rating, you should be able to find credit issuers who will allow you to transfer balances for as low as 0% for long period of time. They usually begin with 12 months and may go for a few years. This is a great way to remove interest and paired with increased payments to reduce debt.