



digging yourself out of CREDIT CARD DEBT

ACCORDING TO A RECENT ASSOCIATED PRESS article mortgage worries are spilling over into credit card debt. Americans are deeper in credit card debt than a year ago and they're falling behind on their credit card payments at an alarming rate. Since I started Money Wise Women five years ago, many people have confided to me that they lug around credit card debt ranging from \$10,000 to \$50,000. And many are self-employed women who financed their businesses using their credit cards. It often plunges them into a deep financial hole when they are just starting to make money. Anyone who's ever been mired in credit card debt knows it's not easy to dig yourself out. But if you're determined and committed you can do it!

Credit cards are expensive because the interest rates companies charge are almost always in the double digits. For example, if you have a credit card balance of \$14,500 with an interest rate of 12.9%, and you are paying the minimum 2% payment each month, it will take you 36 years to pay off the balance. You will have paid \$16,491 in interest and a total of \$30,991. And, that's only if you don't use the card again! So, whatever you were buying on sale wasn't really a good deal after all.

Start by summarizing your credit card debt – account number, current balance, interest rate and minimum monthly payment. The next step is to quit using your credit cards. Lock the credit cards in your safe deposit box and leave them there to be used for emergencies only. If you don't have a safe deposit box, put your credit cards in a tin can, fill it with water and freeze it. Why? Because you can't microwave a tin can!

If you must continue to use your credit cards, deduct the amount of each purchase in your checkbook register. This ensures you will have the money to pay the full amount charged when your bills arrive.

Next, call your creditors to request a lower interest rate. It's best to call in the early in the day in the middle of the week because there are fewer people calling. Make sure you've got a smile on your face and be polite.

I recommend you begin by paying extra money on the credit card with the lowest balance. Some experts recommend you start by paying off the credit card with the highest interest rate, and if you are disciplined and know you will stick to your plan, go ahead and do that. I think you'll have a better chance of success if you pay the credit card with

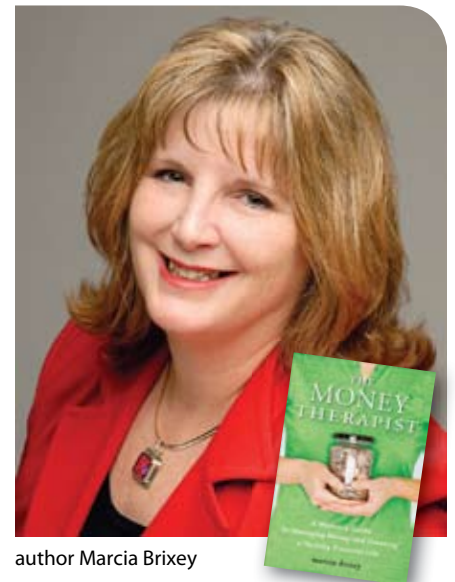
the lowest balance first because when it's paid off, you'll feel a sense of accomplishment. It's like losing weight. If you think about the long-term goal you might get discouraged. Taking small steps will help ensure your success.

Next, pay off the credit card with the highest interest rate. As you pay off one account, increase the amount you pay on your other accounts, thus accelerating the payments.

Now, you're on a roll. Keep up the good work and don't give up until every credit card is paid off. I guarantee that you'll feel a sense of accomplishment and relief when you're out of debt. If you want to learn more about getting out of credit card debt along with other tips on creating a healthy financial life read my new book *The Money Therapist: A Woman's Guide to Creating a Healthy Financial Life*.

Marcia is a former columnist for The Kitsap Sun newspaper, which serves the Kitsap Peninsula in Western Washington. Ms. Brixey has been a guest on Northwest Afternoon (Seattle, KOMO TV), About the Money (Seattle, KCTS TV) and Good Day Sacramento. She's a regular guest on KING TV Morning News (Seattle, NBC affiliate) and the Q13 Morning News (Seattle, FOX TV). Marcia's been interviewed on radio stations KYPT 96.5 FM and KKNW 1150 AM, Seattle WA. Ms. Brixey hosted a weekly talk radio show "Let's Talk About Money" for several months in 2004. She's a mentor for the Department of Labor Women's Bureau WiSe Up Women program. Ms. Brixey received the 2006 YWCA Woman of Achievement award in Kitsap County.

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