

30 Minutes To Credit Card Debt Control

Credit card debt. For many people, it's just an unfortunate fact of life. Being hundreds or thousands of dollars "in the hole" can leave you feeling stressed and out of control. It can be a lot like getting dropped smack in the middle of the ocean, and having no idea how to reach dry land.

Owing all of that money is bad enough. After all, nobody likes giving a large chunk of the money they worked hard for to credit card companies every month. But, in some ways, the feeling of being out of control is even worse.

Taking a credit card bill out of your mailbox, and taking a look at your balance, can give you a sinking feeling in the pit of your stomach. And when you total up the balances owed on all of your credit cards, and try to imagine how long it will take you to pay it all off, it can make you feel like you're trapped in a vicious cycle that will never end.

Some people hate that trapped, out-of-control feeling so much that they try to ignore their credit card debt as much as possible. So they make the minimum payments on all of their credit card bills, throw the statements in a drawer or box somewhere (or even in the trash) and try not to think about it.

But this solution is no solution at all. Ignoring your debt won't make it go away. Instead, it will just get worse and worse with each month that passes.

But all is not lost. Whether you have one maxed out credit card or half a dozen, you can regain control of your credit card debt. And you can do it in less than half an hour.

There is a fast and easy way to get yourself back on financial track. And not only is this simple technique completely free, but all you need to do it is a pencil, a piece of paper, and a little bit of free time.

Facing a large credit card debt can be paralyzing. How do you fix it? Where do you start? How can you possibly dig yourself out of this hole?

Well, this report will give you a place to start. And you won't believe how easy it really is.

Imagine it. No longer feeling that sense of dread whenever you go out to the mailbox. No more feeling like there's a dark, financial cloud hovering over you. Imagine being able to think about your credit card bills and, instead of feeling trapped with no way out, feeling calm and in control.

Credit card debt can seem like a struggle with no end in site. But, in just thirty minutes, you can begin to see the light at the end of the tunnel, and be on the road to actually eliminating your credit card debt.

So let's get started.

What Is the Snowball Method?

There are several things you can do to start dealing with your credit card debt. But one of the easiest and most effective is the Snowball Method.

Using the Snowball Method, you can quickly and easily develop a strategy that will help you to pay off all of your credit card bills one at a time. In fact, you can pay off your first credit card in just a few months. And, after feeling trapped in a sea of never-ending debt, there are few things more satisfying than eliminating one of your credit card bills.

The best part is that eliminating the next credit card bill will be even easier. And, as you deal effectively with your debt, your feelings of anxiety will decrease, and your feelings of being in control will continue to grow.

The Snowball Method, Step-by-Step

Putting the Snowball Method into action couldn't be easier. In fact, it only takes 5 simple steps.

Step 1: Stop the Bleeding

So what's the first step to eliminating your credit card debt?

Stop using your credit cards.

This can be a pretty hard one for many people, but it's necessary. Your goal is to pay off your credit card debt. But if you're still charging on the cards, you will never see any real progress.

Think of a plastic jug filled with water. You might poke a hole in the bottom of the jug to drain out the water. But if someone is still pouring water into the opening at the top of the jug, it's never going to empty out.

So stop putting new charges on your credit cards.

If you got your first credit card from a parent or guardian, you probably had to promise to only use the card for emergencies. Well, it's time to adopt that mentality again. Make a resolution to only use your credit cards when it's absolutely necessary.

And, no, a sale or "a really good deal" isn't an emergency situation. Unless it's something you absolutely, positively need to have (like a prescription for a serious illness) and you can't get it any other way but by using a credit card, don't charge it.

Now is also a good time to take a look at the recurring charges on your credit cards. Are there any subscriptions you can cancel? Things you're paying for that you aren't really using? If so, cancel them.

Step 2: Evaluate Your Credit Card Debt

Next, you want to evaluate your credit card debt. And while there are a few steps involved, it's really very simple.

1. Take out a sheet of paper. Or open up a spreadsheet program, like Microsoft Excel.
2. In the first column, make a list of every credit card you owe money on.
3. In the second column, record the balance you owe on each of your credit cards.
4. In the third column, write down the minimum monthly payment for each card.
5. In the fourth column, write down the interest rate on each card.

The best way to solve any problem is to really study and evaluate it. Knowing exactly where you are can help you figure out what you need to do to get where you want to be, which is free of credit card debt. And, right now, you know more about your credit debt problem than a lot of people in your situation do.

Step 3: How Much Extra Can You Pay?

Your next step is to determine how much extra you can pay on your credit card bills every month.

For example, say you have three credit cards. And these are the minimum monthly payments you need to make on each.

CC1.....\$9,500 balance, \$95 minimum payment

CC2.....\$7,000 balance, \$75 minimum payment

CC3.....\$4,500 balance, \$50 minimum payment

Totaling up those minimum payment numbers, you see that the least you can pay on credit card bills every month is \$220.

Now ask yourself how much extra, above and beyond that \$220, you can pay on your credit card bills every month. Fifty dollars? A hundred dollars? Two hundred dollars?

Some suggest you pick a dollar amount that is at least equal to your combined minimum monthly payments. So if your minimum monthly

payments total \$220, you should try to pay an extra \$220 or more on your credit card bills each month.

But that's not always possible, and paying even a little extra on your debt every month can make a huge difference. Still, you should keep in mind that the more "extra money" you can find to pay off your credit card debt, the faster you can eliminate your first credit card bill. So even if you can only spare an extra \$50 starting out, try to increase that amount as soon as you can.

Where can you find this "extra" money?

Start by taking a look at your luxury items, things you pay for but don't really need. Pack your lunch instead of eating out every afternoon. Skip the concert you were thinking of going to, and go to a free concert instead. Stop paying seven bucks a day for specialty coffee. Stop shopping at that expensive gourmet or health food store and start buying your groceries at the less expensive supermarket down the street.

In other words, make some sacrifices.

Will it be fun? Maybe not. But when you see your credit card debt start to shrink, it will be worth it.

So let's say you were able to "find" an extra \$220 a month. That would mean you had a total of \$440 to use to pay off your credit card bills. We'll call this your monthly Snowball Budget.

Step 4: Allocating Funds

Now it's time to decide how much of your Snowball Budget you will allocate to each credit card bill.

Take out the list you made earlier. Which of your credit cards has the lowest balance? That's the card you will pay off first.

Why pay off the card you owe the least on first?

While the Snowball Method is about lowering your credit card debt as quickly as possible, it's also about changing your state of mind. Paying off one of your credit cards will increase your confidence by leaps and bounds. It will make you feel more in control of your finances than ever before. And it will motivate you to work even harder to eliminate the rest of your debt.

The faster you can experience the mental boost you get from eliminating one of your credit card bills, the better. And you will be able to pay off the card with the lowest balance faster than the rest.

So how will this work?

Every month, you will pay the minimum on all but one of your credit cards. And on the card with the lowest balance, you will pay what's left of your Snowball Budget.

Let's take our examples from earlier.

CC1.....\$9,500 balance, \$95 minimum payment

CC2.....\$7,000 balance, \$75 minimum payment

CC3.....\$4,500 balance, \$50 minimum payment

On credit cards one and two, you will make the minimum payment each month. But, on the third credit card, the one with the lowest balance, you will pay the minimum *plus* that "extra" money you found earlier. So if you found \$220 of extra money, you'd pay \$270 on that third credit card.

Maybe you've been taught never to make minimum payments. And, usually, that's good advice. But desperate times call for drastic action. Paying \$5 or \$10 over your minimums on each of your credit cards will barely make a dent in your debt, and won't even do that very fast.

Until you're back on financial track, the best thing you can do is try to pay off each of your credit cards as quickly as possible. And you can do that with the Snowball Method.

However, if paying the minimum payments on your credit cards just leaves a bad taste in your mouth, you can still pay \$5 or \$10 over the minimum on each of your other cards. Just make sure you have a nice, substantial sum left in your Snowball Budget to pay off the card with the lowest balance.

Step 5: Repeat the Process

Eventually, you will have paid off one of your credit card bills. At that time, give yourself permission to celebrate. You deserve it.

But you're not finished yet. You still have more credit card bills to pay off.

So how do you do that?

The first step is *not* to lower your Snowball Budget. If you started off with a budget of \$440, your budget should remain \$440. You can raise it if you like, but do not lower it.

Now, with one credit card bill eliminated, you will have even more money to devote to paying off the next one.

So, using the example from earlier, this is what we are left with.

CC1.....\$9,500 balance, \$95 minimum payment

CC2.....\$7,000 balance, \$75 minimum payment

Card number 1 has the highest balance, so we will make the minimum payment on that card each month.

Card number 2, the card that now has the lowest balance, will be the next card you work towards paying off, so it will get the bulk of your Snowball Budget. This includes the minimum due on the card, the minimum you were paying on the card you just paid off, *plus* the money remaining in your Snowball Budget.

So, in the above case, you'd pay \$95 on the first card, and \$345 on the second card.

That's why this is called the Snowball Method. Every time you pay off one of your credit cards, you will have even more money to pay off the next credit card. The amount of money you have to pay off each bill will grow like a snowball rolling down a snow-covered hill.

After you've paid off your second credit card, move on to the third, and then the fourth. And on and on until all of your credit cards have been paid off.

And that's it. The entire Snowball Method in a nutshell. It's hard to imagine how it could be any easier.

Of course, there are other things you can do to help alleviate your credit card debt. But the Snowball Method is an excellent place to start.

The Alternative Snowball Method

As with all great techniques, you will find there are alternatives to the basic Snowball Method that I just described. And here is the most popular alternative method.

Instead of paying off the card with the lowest balance first, you can choose to pay of the card with the highest interest rate first.

Doing this will save you more money in the long run. Remember, the higher the interest rate on a card, the more you end up paying above and beyond what the items you charged on that card actually cost. So getting rid of the credit card bill with the highest interest rate attached will save you quite a bit of money over time.

However, depending on what the balance is on the credit card with the highest interest rate, it could take you much longer to pay it off. So it could be a while before you experience the satisfaction and feeling of accomplishment you get from eliminating a credit card bill. And those feelings can go a long way towards helping you feel more in control financially.

And the truth is that the longer it takes you to pay off one of your credit card bills, the more time you'll have to give up on the Snowball Method. On the other hand, a really quick success will motivate you to stick with the method and tackle the rest of your credit card debt head on.

Whichever card you choose to pay off first--the one with the lowest balance or the one with the highest interest rate--is really up to you. Quickly weigh the pros and cons, pick the method that you feel will benefit you the most, and

stick with it. But, most of all, just get started. Because getting started is the most important thing.

Online, you will find several free "Snowball Calculators." These calculators will show you how long it will take you to pay off your credit card debt using either method.

Here are two free "Snowball Calculators" you can try.

<http://www.whatsthecost.com/snowball.aspx?country=us>

<http://interestgrows.com/snowball.php#lightbox1>

Conclusion

For many people, credit card debt is overwhelming. In fact, it's so overwhelming that they can't figure out where or even how to start dealing with it. Paralyzed, they end up not doing anything at all beyond making their minimum monthly payments, and their debt just gets bigger and bigger.

The Snowball Method gives you a fast, easy way to take action and start dealing with your debt. With just half an hour, a pencil, and a piece of paper, you can regain the sense of control that you've lost, and take your first steps on the road to financial freedom.