

# Avoiding Excessive Credit Card Debt

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Millions of Americans are so deep into credit card debt that it is now the #1 cause of personal bankruptcy filings in the United States. If your credit card balances are through the roof then here are some things that you need to know:

- Stay on top of what your credit card debt is actually costing you. Credit card issuers love to raise your fees, change your interest rates and come up with new fees whenever they can. They notify you of these fees by sending you some little leaflet that's printed in 2 point type, with lots of big words, knowing that most people toss them out without a second glance.
- Immediately shred those "convenience checks" that credit card issuers like to send you from time to time. There is no convenience attached to the higher interest rates you pay when you use these checks or the extra fees, sometimes up to \$30 per check, that they charge you when you use them. When all of the dust settles, these "convenience checks" are really cash advances and can get you into a black hole very quickly.
- Keep your eye open for cards that offer lower interest rates than you are paying. You can save a lot of money by transferring your balance from one card to another to take advantage of low introductory rates. Be sure that the new credit card doesn't have a balance transfer fee and make double sure that the introductory rate applies to balance transfers. Also make sure that after the introductory rate expires your new card's interest rate is at least as low, if not lower than the card you are transferring from.
- Do yourself a favor. Once you transfer your balance to a new card, close the old one while it still has a zero balance. Not only will this protect you from running up another high balance on that card, but many lenders look upon you unfavorably if you have too many cards with open credit available. They're afraid that you might max out all of your cards and then stop paying them.

Also, keep in mind that you will likely never pay off a large credit card balance, no matter how low the interest rate is, by only making the minimum payment. Always pay more than the amount due.

If you find yourself drowning in credit card debt, either seek out the services of a reputable debt counselor, or contact each credit card company directly and explain your problem. Most lenders will work with you by lowering your interest, waiving late fees, or taking some other measures to help you get over a temporary financial problem. After all,

they want to get paid even if they have to give up some of their profit to make it happen.

Credit cards are a double-edged sword. They are great for emergencies and an absolute necessity when you want to rent a car, book an airline trip or stay at a hotel. Credit cards shouldn't, however, be used to pay your monthly bills. If you find yourself having to charge your mortgage, car payment, or groceries, get financial counseling fast.

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