

PAY OFF YOUR CREDIT CARDS

Carrying a balance on your credit cards? You're not alone. The average American has more than \$5,000 in credit card debt. Fortunately, following a few simple strategies will help you wipe it out for good.



1

STOP USING YOUR CARDS

Trying to pay off debt while running it up is lose-lose. Carry one card for absolute emergencies and put the rest away in a safe, secure place. Although it may be tempting, don't cancel any cards—canceling cards can have a negative effect on your credit-to-debt ratio and impact your credit score, which will drive up your interest rates.

3

RANK YOUR CARDS

To save on interest payments over time, rank your cards based on their interest rates. Plan to pay off the cards with the highest interest rates first, then tackle the cards that have lower rates. Over time, roll over your interest savings to pay off more debt.

6

ASK FOR LOWER INTEREST RATES

Often, the easiest way to get a lower interest rate is to call your credit card company and ask for it—it works for more than three out of four people who try it. Ask for a lower rate—say, around 9%. Even if the company makes a higher counteroffer, you'll still end up saving money.



2

CHECK YOUR CREDIT REPORT

Surprising but true: 20% of us have mistakes in our credit reports that we don't even know about. These errors are important because they can cause you to be charged higher interest rates (on everything!). You can get a free yearly credit report from *AnnualCreditReport.com*. If you spot errors, check the credit bureau's website to file a request to remove it—it may take a few weeks to clear up, but it's well worth it.

4

PRIORITIZE

Are you saving for kids' college, retirement or a vacation? If you have high-interest credit card debt, your best bet may be to put off saving money until you've wiped out your debt, or you'll be saving in one place only to pay high interest rates in another. Review all your monthly expenses and ask yourself what you can live without for a while—fees for streaming apps, cable, spa treatments and eating out can add up quickly—put that cash towards paying down balances. You'll have more money to splurge when you are debt-free.

5

TRANSFER YOUR BALANCES

It seems counterintuitive, but you may want to look into getting a new card. If your cards don't offer zero- or low-interest balance transfers, apply for a card that does. Depending on your debt load, look for one that has an intro rate that lasts six to 18 months. Then, figure out how much debt you need to pay each month while the low rate lasts, and stick to the payments. Before you know it, you'll have it paid off.



7

GET HELP TO STAY MOTIVATED

Sign up for *Mint.com*, a free money management tool that enables you to set monthly payment goals, track spending, set budgets and see your progress. Mint updates your credit score monthly, too. As your balances decrease, you'll get to watch your credit score go up. It feels so good!

8

CELEBRATE YOUR WINS

Building in rewards as you pay off your bills can increase your motivation by 85%. The rewards don't have to cost anything: go on a long walk with your dog, sleep in, savor a sunset or take a luxurious bath. After paying off a big chunk, go out to eat, get a mani-pedi or treat yourself to a new pair of shoes. You deserve a few breaks for investing in your future.