

## Inside Out Credit Card Management

When the economy or personal issues and problems result in a high credit card debt, we often find our debt spread over three or four or more cards. So you may have a Visa, several MasterCards, a Discover card and a Capital One card and maybe many more each carrying several thousands of dollars of debt. The result is an ugly parade of bills from each company each needing a minimum payment that pays the interest and takes just a small amount off of your debt.

If it seems that the debt mountain never seems to go down, that's not an illusion. The situation is not designed to help you get that debt down. It's a cruel mixed message the credit industry sends us because if you have high credit card debt, your credit rating goes down. But even if you have too much debt, the credit card companies just keep raising your credit ceiling and sending more and more credit card offers to lure you into more debt.

The instinct is to keep taking out more accounts and transferring money to those deceptive zero percent offers that expire in a matter of months and leave you with yet another bill to pay that only makes managing that debt even more impossible. If you do get a little money ahead, the instinct is also to pay more down on the debts that have the highest interest rates to try to slow the erosion of your finances due to high rates.

But there is another approach to handling this debt that goes completely opposite your instincts and gives more control to you to begin seeing headway against those debts. But to use this approach, you will have to think with your head, not your emotions and not panic but think about how to get as much principle paid down as possible. This inside out approach to paying down your credit cards is simple and gives you a roadmap to freedom from debt.

First of all, stop taking out more accounts. That only gives another credit card company access to your money. They can charge you membership fees and try to lure you with credit insurance. If you have three or more credit resources already, that's plenty.

Second, use short term offers wisely. If one of your existing accounts offers you a zero percent deal for a few months, take it but transfer a small amount to that account. Then you can focus on paying off that transferred amount and see 100% of your payment go against principle which is the fastest way out of debt.

Third, pick a card and pay it off. It might be the card with the lowest balance which is one you might give the least to so you can respond to the higher level debts. But if you pay that card off, that is one less bill coming in each month

and it gives you a great feeling to know you are slowly killing off the monster of credit card debt one card at time.

That brings us to the cornerstone of the inside out method. Instead of paying on the card with the highest interest rate, pay them the minimum payment and put your excess funds against the cards with the lowest rate. In this way you are getting the most bang for your buck with the small amount of extra funds you may have to pay on the debt. That debt will go down more quickly and then you can attack the bigger accounts and begin to whittle away at them too. And by using a smart approach to the credit card debt you have, you take control of the problem and put it on a program to go away. And that will be the greatest feeling of them all.

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