

## Manage but Don't Be Managed by Credit

The epidemic of credit card debt in the last five years would make you believe that credit cards are a bad thing. By themselves, credit cards are not bad. They not only can be a tremendous convenience, in many situations a credit card is absolutely essential. And building a good credit history and reputation is just one of the ways you go about establishing yourself as a viable financial entity in our society.

But like everything else in life, you can handle credit well or handle it poorly. It is when you start being pushed around and living in slavery to your credit card debt that you start to feel like a victim. So to regain control over your financial life, you have to manage your credit cards and the debt you owe there and don't let it be the boss of you.

The number one rule of managing your credit card debt is to eliminate fees and any charges other than the interest rate itself. So you must make it a hard and fast rule never to be late on a payment. Being late is a disaster not just because the credit card company will tack on another \$30-\$50 fee to your debt for a late payment. Being late on a payment is also an alarm to the credit card companies that can set them off raising your rates, demanding excessively high minimum payment levels and passing along negative reports about your credit score.

To make sure you are never late, keep a good tracking system going every day so you know what credit card payments you have coming in and when they will come due. Then you can look at your income and begin to balance what you are making with what you need to come up with to at least make a minimum payment on each card. Now, many credit card management articles and advisors say never pay the minimum payment. This is bad advice. There is one situation where you not only should but must make at least the minimum payment and that is to keep from paying late. Far better to pay the minimum amount on time than to go late just to pay an extra few dollars on your balance.

Also keep an eye on the additional fees your credit card company or companies are charging you. If they are adding fees for credit protection or membership fees, its time to call them and either have those fees dropped or terminates the credit card. Don't worry because you can terminate a credit card even if you still are carrying a debt balance on that card. They will hold the account open until you pay it back but close it to any further charges.

Taking your creditors by the scruff of the neck and making them play ball is the way you become the boss of your credit rather than it being the boss of you.

Next to additional fees and charges, getting control over your interest rate is the next area of focus so you can be paying more on your debt level and less in interest. You can also call the credit card company and negotiate a better interest rate. Don't let them push you around. The credit card business is tough and competitive and they do not want to lose you as a customer. So don't be afraid to let them know you will close that account if you cannot get a rate you can live with.

By being the boss of your credit, you not only can make a plan to get out of debt, you will get the good feeling that you are handling a tough situation rather than being handled by it. And that sense of control is worth a lot, especially when you are starting to put some controls on something as easy to lose control of like your credit card debt levels.

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