



EVANS EDWARDS

FINANCIAL ADVISORS | WEALTH CREATORS



6 ways to reduce your credit card debt once and for all

If you've realised you might have a problem with your credit card debt, it's time to take back control. Sit down, take a deep breath and work out a step-by-step plan.

1. Stop all but essential spending on your credit card. Try and get by without your credit card and use cash wherever possible while you work on your plan. You could even set yourself a challenge not to spend any money for a week!
2. It sounds basic, but start by listing how many cards you have and what you're paying for them in interest.
3. If you have more than one card, start chipping away at the low-hanging fruit. Consider paying the card with the highest interest rate off first or if the rates are similar, work on clearing the smallest debt.
4. If you can't pay a card off in full, see if you can pay more than the minimum each month to reduce your balance more quickly and save on interest. It could be worth setting up a direct debit on your payday to pay a fixed amount.
5. Once you've paid off a card, close the account and work towards having a single card to help make your finances easier to manage.
6. If you feel that your interest rate is too high, you could consider transferring any remaining balance to a card with a lower interest rate or rolling the debt into an existing personal loan or mortgage, these tend to have lower interest and fees. Many providers offer great rates to consolidate, but make sure you pay the card off during any honeymoon period with the new provider so that you don't start accruing interest. Check the fine print - what interest rate will you pay after any promotional period ends? You don't want to just kick the can down the road.
7. If all else fails, don't be afraid to ask for help from your credit provider. There may be a way you can work out a spending plan that takes into account your financial circumstances.

But how do you make sure you don't fall into the same credit trap again? It's all about developing more healthy financial habits.

- Reduce your credit card limit to take temptation off the table.
- Try not to use credit to pay for the basics like food, groceries and utility bills. See if there are any ways you could adjust your household budget or make savings elsewhere so you're only using credit as a last resort.
- Avoid cash advances because they may attract higher interest rates.
- Be wary of store cards and any fees you'll pay – they are just another form of credit card.
- Keep track of your spending.

Take advantage of credit card reforms.

- You can cancel your card or lower your limit online for all new accounts.
- You won't be charged any back-dated interest.
- And you'll be assessed on your capacity to repay your debt when you ask for an increase.

Once the credit card's sorted, it could be time to move on to any other debts you might have. If you need a hand with your budget, please give us a call.

Source: AMP News and Insights, 18 December 2018

We will guide you with a tailored approach that works for your circumstances. Give us a call on 4927 4588 (Rockhampton) or 4939 1766 (Yeppoon) to see how we can help.



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