



## Taking Control of Credit Card Debt

*If you are only paying minimum monthly payments on your credit cards, you're doing yourself a huge disservice. Instead, step back, breathe deeply, and get your credit card debt under control.*

### Signs you could be heading for trouble

There are tangible signs that you're either headed for trouble—or you are already there.

- Depending on credit to pay for the basics like food and utilities
- Responding to offers to transfer balances from one card to another
- Increasing your credit line
- No cushion in your financial life for even a small or unplanned expenditure
- Making only minimum monthly payments
- Ignoring credit card statements
- Maxing out on all of your cards



### Fixing the problem

First and foremost: GET HELP. You don't have to face this alone. It's easy to lose control of your credit and to let it run away from you, but there are ways to get it back. Depending on your situation, there may be a variety of solutions.

- Talk to your financial aid officer. Often, your FAO will have dealt with similar situations and will be able to provide sound guidance.
- Go back to the basics, work on a budget (see First Fact Sheet on budgeting [www.aamc.org/programs/first/facts/budgeting.pdf](http://www.aamc.org/programs/first/facts/budgeting.pdf))
- Develop or revise a budget to see how you can afford to start paying down your credit card balances.
- Call your credit card company(ies) and work out a repayment plan.
- Negotiate!— If you do work out a repayment plan with your credit card company, make sure to be clear on the interest rate. Although it's not widely known—often times you can negotiate rates.

- If your situation is more complicated, seek the advice of a professional credit counselor.

### Take Positive Steps to Get Out of Debt

**Remember:** Creditors would rather work with you to help you pay off your loans and repair your credit than have you default. You have options. You don't have to give up, but you do have to get out of debt.

#### Don't fall into the minimum payment trap!

It costs time and money.

If your credit card has a 17% annual interest rate and a balance of \$2,000 and you only make minimum payments each month, it'll take you over nine years to pay off the card.

You'll pay over \$1,000 in interest, or \$3+ for every \$2 charged on the card.