

Credit Cards in the New Economy

The economic tumult of the past year left consumers in this country spinning. The decline of the real estate market and the credit crisis left many wondering what to do next. With 2009 upon them, consumers are looking ahead and trying to chart a course for their financial security. Some have spent within their means and will be able to recover. Others are planning to pay off debt and simplify their spending habits. It is estimated that the average number of credit cards per consumer in this country is four. Credit cards are a common way of making purchases. They are a convenient and useful tool, if used responsibly. On the other hand, credit cards offer an enticing path to spend beyond your means. It takes commitment to pay debt off, once it is accrued.

If you are dedicated to paying off your credit cards, you should begin by no longer spending on those cards. It seems obvious, but it is extremely difficult to pay down debt when you are accumulating more. Also, resist the urge to apply for new credit cards. Simply change your habits. Start using your check book, debit card or paying with cash. Next, examine your budget to determine where you might be able to cut expenses. The easiest way to do this is to cut your discretionary spending. Stop eating out, going to the salon, paying to have your car washed and purchasing entertainment items you do not need. Take the money you save on those discretionary items and put it toward the balances on your credit cards. If you cannot cut your budget any more, you may look into picking up additional work or selling unnecessary big ticket items (like downgrading to a less expensive car).

Once you clearly understand your finances, make reducing the debt on your credit cards your priority. Make more than the minimum payments on the monthly statements. When you make only the minimum payment, you are paying a significant amount of interest. If you pay more than the minimum, you will pay down more of the balance. If you have debt on many credit cards, focus on paying off the one with the lowest balance first. It is much easier to focus on one card at a time, and you will be encouraged to move onto another card once you pay one off. Whenever you have extra money, make an extra payment on your credit cards. After you begin to eliminate the debt on your credit cards, cancel the most recent cards and keep the one you have had the longest. Having long established credit card accounts that are in good standing reflects positively on your credit score and credit report. Maintain your commitment to paying off your debt until the balances on all your credit cards have been paid. Always remind yourself of the dedication it took to pay down accrued debt, especially if and when you decide to use a card regularly again. Pay off your balances in full and view your card like you would a check or cash. You are responsible for every purchase you make on your credit cards. Related Info [Credit cards for bad credit](#) | [Best credit cards](#) | [Student credit cards](#) |

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