



Minimum Payment Mania

Do you feel like you're stuck permanently in debt? Are you making only minimum payments on your credit cards and loans month after month after month? If you feel like your debt will never go away, you're pretty much right. Credit card companies design their minimum payments to barely cover any of the principle that you started out borrowing. The average minimum repayment schedule sets you up for a forty year payback timeframe. You're mostly paying interest and fees each month and keeping yourself on that merry-go-round of circulating revolving debt. I don't think that the shopping trips that you charged when you were twenty are worth paying on until you're sixty. A fifty dollar pair of jeans charged at fifteen percent interest with only minimum 2% payments made will take over four years to pay off.

People that make continuous minimum payments on their credit cards usually simply don't understand how long they are drawing out their debt. They don't sit down and calculate how much they will actually end up paying. Worse yet, they may keep charging things that they feel they can't afford until payday, and then when payday comes, they don't pay it off. Behaviors like this can get you slowly and unintentionally trapped in debt.

The first step is to resolve to never pay the minimum on your credit card. Set up a budget that allows for more money to be allotted for each credit card. Don't ever let yourself charge something that you can not afford. If you don't have the money or can't save for it, then you can't pay it off. Balance transfers can help you get a handle on your debt. Figure out how much compounded interest you will pay on a certain card within a year. Then compare that amount to the fee that it would cost to do a balance transfer. Try to get a card that has a zero percent APR for a full year. Make sure that it won't have a

compounded balloon payment at the end of the year that will charge you all of the interest that you avoided at once.

Now that you have a set balance that isn't fluctuating, figure out what it would cost each month to pay it off in a year. Shoot for eleven months so that you have one month to play with for emergency money shortages. If you can pay it off in eleven months, then you'll have saved yourself a ton of money. If you have a lot of debt then you may need to shoot for a two or three year plan to pay off your debt. Set an electronic reminder to transfer your credit balances again after eleven months to another zero percent APR card so that you don't forget and end up paying interest.

If your credit isn't good enough to transfer, then you need to work on that. Don't charge anything else. Pay at least a little more than the minimum and be dedicated to having no late payments. It takes about six months of more than the minimum on time payments to bring up your credit score. If you find yourself in a temporary bind, taking out a payday loan or cash advance could help you over the hump. Pay it off on time or ahead of time and you can improve your credit without increasing your overall debt.

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**About the author:**

Bob is an Online Marketing Strategist of [paydayone.com](http://www.paydayone.com), a company that can provide a [payday loan](#) or a [cash advance](#) to individuals. For more information, please visit [www.paydayone.com](http://www.paydayone.com).

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