

Credit Card Reduction Tips

Destroy your credit card or freeze it in a bowl of water. By the time you've picked your way through all that ice, you may have second thoughts and decide to leave the card in the freezer!

Pay more than the minimum payment. Focus on paying the credit card balance with the highest interest rate first. Double up on payments if you can. When that balance is paid off, apply the full amount of that payment to the next credit card.

Take advantage of the teaser rates you get in the mail, and, if possible, transfer debt on credit cards with high interest rates to cards with lower interest rates. Credit card companies frequently offer special low rates through the mail. These lower rates may be available for only a short period of time, such as six months. A strategy you may want to consider is to consolidate balances from cards with higher rates to a card with a lower rate and pay off the debt during the special rate period.

Transfer your debt to a home equity loan. You'll probably be borrowing at a lower rate of interest that might even be tax deductible.

Use savings to pay off cards. Why earn 3% in a savings account while paying 16% on debt? If you pay off that 16% card instead, you would have just made a risk-free 16% return!