



CREDIT CARD MANAGEMENT PHILOSOPHY



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Save Thousands Of Dollars And  
Manage Your Money Better With  
These Credit Card Tricks

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# Foreword

Are you curious what the most common reason that individuals still can not ready accept responsibility for their personal financial life and regain control over their credit card debt? It is that they continue to point the finger at other individuals, the form of government, economy, their boss, economic system or anyone or anything beside themselves.



## ***Credit Card Management Philosophy***

Save Thousands Of Dollars And Manage Your Money Better With  
These Credit Card Tricks

# Chapter 1:

## *Quit Pointing the Finger*

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### Synopsis

The sole justifiable and legitimate excuse to be in debt is those unfortunate individuals who discover themselves in the midst of a frightful health panic and whipped up some massive debts to take care of it. Unless that is you, there's something you need to discover: Knock it Off.



## **Knock it Off**

You are not a distasteful individual. You're not a dumb person. You merely made some foolish decisions. It had nothing to do with your profits. It was not because of your loved ones. Whenever you pulled out that credit card, you made a willing choice to borrow what you didn't have. The very first moment the statement arrived and you couldn't pay back the entire balance in full, you had exceeded your resources. That is the precise moment you got yourself into a conflict.

This content shouldn't be deterring! Instead, it is meant to empower you. If you've acquired vast credit card debt then you've got the power to pull yourself back to the top. It is that simple.

The minute you're capable of gazing into the mirror and saying, "it is my mistake" and truly own the situation, you're capable of beginning to turn it around just as 1000000s of people prior to you have done.

Repossess your power. Find a symbol of what you experience on the inside or the self-confidence that you would like to present to other individuals on the exterior.

Holding a symbol of what you are thinking or reaching for is crucial when it comes to gaining confidence. To arrive at the finish line or acquire any goal, you are required to recognize where you are headed. Your symbol might be anything from a color that causes you to feel powerful or an event in your life that genuinely caused you to feel mighty.

Establish a pact with yourself to constantly put yourself first. The battle to acquire self-confidence is frequently derailed because people tend to place the needs of other people prior to their own. You must place yourself first in your life if you truly would like to acquire any ground in your life.

Direct your best foot ahead daily if you would like to know the true mystery of how to acquire self-confidence. It is a proven fact that people who put out what they think to be their finest outfits and do their hair and makeup in a sense as if they were going out on a special night on the town, feel more powerful in themselves.

But you did not know that the simple chore of putting on a shirt that you save for "special affairs" on a typical day will assist you to acquire self-confidence more than any self help guru may ever.

Bring back your self power and confidence and take responsibility for your spending.

# Chapter 2:

## *Getting A Grip On Priorities*

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### Synopsis

The bills need to be at the top of the list. Numerous people that I know are in substantial credit card debt and occasionally ask my ideas on how to escape from the situation. Although I'm pleased to spend time helping them, it almost always turns out to be a pointless effort because in 90% of the instances, the person is not really serious about escaping from credit card debt.

Certainly, they are miserable about the payments and the thing they want more than everything else is that their credit card statements presenting a \$0 balance. Wanting something and doing something to proactively attain it are two entirely different issues.



## **Priorities**

Somebody I know (I will name him Chris) brings in around \$85,000 every year and has got \$20,000 in credit card debt. This debt is overpowering like the plague and he passes at least a few hours day by day anxious over the \$500+ per month in interest payments it requires merely to keep up his current balance.

All the same, at least once a month, he finds \$100 to go on a weekend vacation. When I ask him about it, he says that there are specific things that he will not desert no matter how high the debt pile is

Chris might never escape credit card debt bearing a mental attitude like that. The additional \$1,200 yearly that he is expending on the weekend escapes would pay down \$6,000 of principal over a 5 year period, or nearly 40% of the balance.

If he is able of producing an additional \$50 weekly either by working extra shifts or bringing down costs (yes, this virtually signifies you ride a bike instead of driving), he might pay off an additional \$11,000 in principal over those same 5 year period. That is all it would require to annihilate the balance.

Instead, he believes in terms of “my trip funds” or “my grocery store funds”. No, you've got one, giant pile of funds that is available to you. If you are in credit card debt, paying massive interest on your balances, take every extra cent you're capable to and pay down the debt.

Determine an amount monthly for groceries, water and housing because these are your most important needs. You should consider purchasing various healthy foods and try to steer clear of unneeded snacks. You as well need to do your best possible job at work because it is your root of funds to pay for your bills. This is the time to begin arranging your priorities truthfully and correctly.

A few people have their priorities so jumbled up they even disregard their well being merely to purchase expensive gadgets or trips. Take note that looking after each of your personal daily needs is your duty and priority so avoid dodging the significant matters especially if you've got a family.

Pay off your credit card debt. Ridding the debt of the credit cards with the greatest interest rate then followed by the ones with lesser interest rates is the best thing that you are able to conduct in order to annihilate your total credit card debt. Purchase things with hard cash as much as possible and limit your expending.

Focus on preserving an adequate amount of money for your emergency fund as well. This is very important just in case of a job loss or additional major unexpected issues that may occur to you. Avoid the temptation of buying things that you're capable of going without and focus on establishing your emergency resources.

Aligning your financial priorities had better be your primary concern. Have a clear list of the all important things that will cover your month to month expenses and funds and number every item from the greatest to the lowest with regard to their significance and your need for that item.

# Chapter 3:

## *Beginning Ways To Clear It Up*

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### Synopsis

I am not an immense fan of borrowing against other assets because of one simple reason - if you do choose to use the nuclear alternative and declare bankruptcy, your credit card balances are unsecured, while a home equity credit line is insured by your home.

If you've got some kind of investments, you may wish to distribute them in order to pay back your credit card balances. You genuinely want to be cautious which ones you sell, however, because there may be some pretty dreadful tax outcomes if you make a hazardous decision.



## **Choose Cautiously**

Basically, this implies that you have acquired a debt sustained solely by your credit, where the worst a credit card business may do is go to court and acquire a lawsuit versus you, into a debt sustained by your home, where the down side is much more dreadful - the bank will foreclose on your home and make you leave.

Regardless, this is altogether your call as it is going to boil down to what will allow you sleep at night. If your credit card debt is contained, and you simply would like to save a few thousand dollars in interest expense, a house equity credit line might add up. If you believe there is even the slightest chance that you may be forced to announce bankruptcy, it might be a tragic error that costs you to lose your house.

There are a large number of credit loaners out there nowadays desiring you to put forward the equity in your house to acquire their funds for nearly any reason you may determine. Amongst the manners you're capable of claiming the equity in your home from loaners are by refinancing, securing a second mortgage, a home equity credit, and a home equity loan.

Are applying these methods to borrow funds to relieve debt a beneficial idea? Here are a few dear reasons why you should not use equity in your house to pay off debts:

If you discover yourself in a financial bind, and you feel as if you've got to default on your new assured debts, the new debtors may begin foreclosure proceedings to acquire payment as the home is a secured interest. Creditors who make unsecured loans like credit cards cannot foreclose on your house as their loans are not secured by home equity.

Still in a couple of areas of a down market, your home may be rising in value. That implies your equity is rising in time. Once you've borrowed from your equity to pay off debts, you will turn a loss on the appreciation the home has accumulated if your house is foreclosed on.

You'll not solely owe the secured loan total, but a lot of times the sale of foreclosed property sells for cents on the dollar. Accordingly, the equity you were forecasting to pay off the new secured loans will not be there to pay for them.

Coming into debt seems to be a symptom of a far thicker problem. Utilizing your equity to pay for debts is no warranty that fresh debts will not come up. If fresh debts come about and you have liquidated the only asset you've got to the point it already belongs to another individual, you have expanded your debt load to the point you may not be capable of affording.

So, what ought you do to steer clear of the enticement of borrowing from the equity in your home? You're capable of discovering how to live inside your means, steer clear of debt as much as possible, pay as

you go, search for work that's immune to economic shifts, stay away from high interest loans like credit cards if you've got to borrow money, and finally, keep yourself educated as to the legalities and financial obligations that go hand in hand with house possession.

Think of a 401(k) loan to pay back credit card debts:

You'll be able to as well consider a 401(k) loan while the interest you pay on it will go into your account (you're in effect paying interest to yourself). The bottom line is that you're capable of steering clear of the income taxes and 10% early withdrawal penalties that are stacked on top as long as you pay back the line of credit within the time frame provided by the IRS. In numerous instances, you wouldn't wish to only sell 401(k) assets, cash out, and pay off your credit card debt.

You're capable of obtaining Roth individual retirement account contributions:

IRS regulations allow for you to obtain Roth individual retirement account contributions you have built within your account, but not the gain earned on the funds.

Put differently, if you have contributed \$20,000 into a Roth individual retirement account over the past decade and have brought in \$10,000 in profits, you're capable of taking out up to \$20,000 with no harmful tax penalizations or outcomes (of course, you lose decades

of building your funds outside of the reach of Uncle Sam, but that is much better than drowning in raised interest credit card debt).

Brokerage firm and other investment accounts:

Investments you control in regular brokerage firm accounts like stocks and bonds may be subject to regular capital gains tax but the emotional release that may arrive as you view a large portion of your credit card debt go away ought to be much less painful than the cut taken by the IRS.



# Chapter 4:

## *Do You Know About Snowballing?*

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### Synopsis

The snowball technique may assist you in attacking your credit card debt and repaying your large interest balances much quicker than you could by merely using a random payment arrangement.



## **Get Momentum**

The idea of taking control of your financial life is to increase your cash income monthly. The spare hard currency you've got, the more you've got to slice debts or expend on creating a more beneficial lifestyle.

Every debt has a minimum month to month payment. By paying back the lowest balance credit card account first, you remove a whole fixed payment, right away making your existent funds reach further.

You'd then use the funds you were using to pay on the bottom credit card debt balance and shift your focus to the following most minor. You replicate this method till you're left with your individual, biggest debt.

This exercise is named “snowballing” in the financial planning industry as the amount of cash you send into every payment gradually snowballs as every debt is cut down until you're sending in large sums of money to attack your largest, and final, debt.

An individual who has a \$10,000 balance on a U.S. Bank credit card, a \$3,000 department store credit card, and a \$1,000 fuel station credit card would send in all their extra funds to the \$1,000 fuel station credit card.

When this debt was removed, they'd take all of the funds that had been departing to it and attack the \$3,000 department store credit card. This rhythm replicates until all of the debts are paid back. It really is an efficient manner to cut back and pay back credit card debt and it is simple to grasp.

Credit cards:  
we love them  
and we hate  
them, don't  
we? Credit  
cards might  
make your  
life simpler-  
or in truth  
complicate it!  
You will be  
able to



discover how to make the best use of your credit cards and how to  
steer clear of credit card snares.

Use these calculators to determine how interest rates impact your  
account and what kind of card is most beneficial for you.

<<http://beginnersinvest.about.com/gi/o.htm?zi=1/XJ/Ya&zTi=1&sdn=beginnersinvest&cdn=money&tm=8&f=00&tt=14&bt=0&bts=1&zu=http%3A//www.principal.com/calculators/ccards.htm>. >.

# Chapter 5:

## *Do It In Bits*

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### Synopsis

The snowflake technique is configured to assist you in paying back credit card debt by dispatching in supposed micro-payments. These payments might virtually be a few dollars and, over time, sum up to large balance reductions, preserving you thousands in interest disbursal.



## **Bit By Bit**

People frequently brush off the ability of small sums. As with everything within life, there's a compounding force that begins to work. It is the same principal trailing the Indian tale of the ant that was capable of moving an entire mountain, a single grain of sand and piece of dirt at a time.

Your small efforts may not appear like they are even making a dent in your credit card debt. Once it adds up, over a few years, the outcomes will be nothing less than spectacular. It is the nature of the world.

Multiple payments may:

Further align paychecks and payments. Do you acquire paychecks weekly? Make a small payment each week instead of one large one monthly. You will level your month to month cash stream.

Get rid of credit card debt faster, in the same fashion a semiweekly mortgage works. With semiweekly mortgages, householders pay half their month to month mortgage total, but they pay it every 2 weeks.

With fifty-two weeks in one years' time, that implies twenty-six half payments -- or thirteen month to month payments instead of 12. On a mortgage, semiweekly payments may knock off about 7 years from a 30-year mortgage. The equivalent principle would work if you fractioned your month to month payment in 2 and then paid that total every two weeks.

Take advantage of windfalls. When you discover yourself in the habit of paying multiple times, credit card payments will spring to mind if any windfalls fall into your wallet.

Develop effective payment habits and increase gratification. Viewing your balance come down daily keeps you focused on the chore of escaping from their debt and constructs a sense of accomplishment.



# Wrapping Up

The number of individuals carrying charge card and additional debt has been steadily increasing in recent years and the alternatives for dealing with this liability may vary from person to person.

In addition to not being able to pay down revolving bills, consumers are increasingly racking up more debt on multiple accounts and holding greater amounts on every card, every year with the average amount reaching higher than 10k per card.

For a lot of consumers, this revolving obligation has become a grave issue that's endangered their financial future. Now is the time to get a grip on your charge plate debt.