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Free Yourself from Financial Plague, Part 1

While student loans are a huge financial burden, it certainly isn't the only form of debt that most college grads carry. According to the College Board, the average student graduates from college with more than \$2,700 in credit card bills. That's just the average, of course. Many students have lots more debt than that; some have none. But if you've been battling the credit card blues, take heart. You can whip that seemingly unbeatable monster called credit card debt. You just have to know the best strategies to do it—and be willing to implement a proper plan of action.

Personally, I do not agree with 99 percent of the experts out there who say you should pay off the high-interest debt first. My reasoning is simple: that strategy didn't work for me when I had \$100,000 in credit card debt. And frankly, I haven't seen it work for thousands of others of people who are struggling with credit card bills despite their best efforts to tame the credit card beast month after month, or year after year. I believe you must attack your area of pain first to get the psychic and economic rewards of paying off your debts, and to keep yourself motivated.

I managed to pay off my debts in three years—without paying off the cards with the highest interest rate first. Some of you may wonder how that is possible, or even why I would not pay off high-rate debt first. Well, in my case, the problem wasn't really that I had high interest rates at all. In fact, even though I had a massive amount of credit card debt, I never missed a single payment. That kept me in good graces with my creditors, and allowed me to maintain relatively low interest rates. When I called up creditors to negotiate, I had leverage.

If a card had a moderate interest rate, with one simple phone call I was usually able to get it knocked down. At one point, all of my credit cards had interest rates below 6.9 percent. I had some at 4.9 percent and several, in fact, that were at 0 percent. The point I'm getting to is that for many consumers, the interest rate on their debt is not the true problem. The real culprit may be something else.