



# EdFed

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## Free Yourself from Financial Plague, Part 2

When you start considering which debts to pay off first, you have to determine the true source of your angst, so you can attack it. In general, there are three big problem areas for people battling credit card debt.

For some people, the interest rate is the chief problem. If the interest rates on your credit cards are sky – highland I'm talking 20 to 30 percent – then I can see why you might be going crazy about how much extra money you're forking over to the credit card companies. You might get discouraged paying those bills month after month and barely seeing your balance budge. That can be downright depressing. If it's the interest rate that's killing you, by all means attack that high-interest rate debt first.

For others, it's the high balance. What if your interest rates are in line with the national average – say 15 percent or so, or you have relatively low interest rates? Clearly, simply focusing on the cards with the highest interest rate won't do much for you. The truth of the matter is that some are driven bananas by the fact that they have large dollar balances on their accounts. They couldn't care less what the interest rate is on their cards. The interest rates on your cards may be high, low, or in-between, but if you're carrying so much debt that you're feeling squeezed, it could be that your area of pain is the amount of debt you have. Nobody likes that anxiety-provoking feeling that comes along with being maxed out. And who wants to worry, when you're out at a restaurant or using your card in a store, whether your credit card will be accepted or declined because you're right at or near your limit? How embarrassing! I know because it happened to me when I maxed out my credit cards. If this sounds like your situation, what may really be driving you crazy is having cards without high dollar balances.

Maybe you have too many accounts. Others among you may be driven into a frenzy by having multiple accounts. In fact, you may have so many credit cards that you find it overwhelming. Do you have difficulty juggling your payments each month because you have so many cards that you actually forget about some that are due? Or do you have so many credit cards that you have trouble simply keeping track of all the bills and organizing those monthly statements that never stop coming? When you get overwhelmed by the sheer number of cards, and find yourself unable to properly manage those accounts, you may find yourself forgetting payments, accidentally misplacing statements, and making other mistakes that cause you to get hit with late fees or dinged with other miscellaneous charges from your credit card companies.

For the last two scenarios – if you have cards with high dollar balances, or if it's the stress of juggling multiple accounts that is bugging you – then attack those areas of your pain first.