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Free Yourself from Financial Plague, Part 3

For those of you troubled by high dollar balances, start devoting a bigger portion of your credit card repayments to those accounts that are maxed out, or close to being maxed out. You'll gradually start to see those balances decline, and your stress level will simultaneously decline.

If you're stressed out over carrying what seems like an entire deck of credit cards in your wallet, begin by paying off the credit card with the lowest dollar balance first. This way, you'll knock out a small account, eliminate one card from your list, and you can apply the money that you were putting on that card to the next card. In this method, you'll automatically decrease the number of cards you're carrying, as well as more quickly shrink your overall debt load.

The reason the attack to your area of pain method works better than the blanket pay off high-rate debt first advice is that you're more likely to stick with something that's giving you results – emotionally and financially. Part of the reason people can't or don't pay off debts using the high interest rate payment first method is because it doesn't always take into account what's troubling them.

And for people to stay motivated and stick to a game plan – in this case, a long-term credit card repayment plan – they have to feel like they're getting the benefits of doing so. It's depressing to just pay bills month after month and not feel like you're making any headway on those debts. But if you knock out a debt after two or three months – as you can in the case of paying off cards with low dollars balances first – imagine the satisfaction you'll get at seeing those liabilities dwindle. That's what produces long-term results and gets you to stick with your repayment plan.