Take Charge America Shares Strategies for Paying Off Credit Card Debt

Nonprofit credit counseling and debt management agency explains how numerous approaches can lead to a debt-free life

PHOENIX – (Oct. 13, 2015) – Consumers faced with high credit card debt face another challenge, too: picking and choosing from various techniques, strategies and “must-do” approaches to bringing balances to zero.

“Paying off credit cards is an important step toward financial health, but people get hung up on the right method for paying down debt,” said Mike Sullivan, spokesperson for Take Charge America, a national nonprofit credit counseling and debt management agency. “There are many approaches, but the right strategy depends on an individual’s financial habits, personality and motivation for paying balances.”

Sullivan outlines the following strategies consumers may employ to pay off their credit cards:

- **The Snowball**: This method works well for consumers who are juggling several credit cards. They pick the smallest balance, pay it off as quickly as possible, and make only minimum payments on other credit cards. Though they may pay more interest over time, the snowball works well for people who need help building good financial habits and will be motivated by early successes.

- **The Avalanche**: Instead of picking the credit card with the smallest balance, consumers attack the debt with the highest interest rate first, paying only minimums on their other cards. Since the avalanche may feel slower than the snowball, this strategy is best for consumers who can stick to a long-term goal.

- **The Middle**: The middle is exactly as it sounds – somewhere in the middle of the snowball and the avalanche. This strategy does not prescribe how to pay off debt – consumers simply pay down balances on all of their cards, all at the same time. This is best for people who feel they need to make a dent on all of their cards, even if the process is slower than the snowball or less strategic than the avalanche.

- **The Request**: Consumers paying debt on high-interest cards may succeed in simply calling their credit card company and requesting a lower rate – especially if they’re longtime customers with a good payment history.

- **The Balance-Transfer**: Credit card companies flood mailboxes with balance-transfer offers, promising low interest rates for people who move old balances to a new card. While this may prove a good solution for consumers with high debt and high interest rates, it’s important to read the fine print; many balance transfer offers only provide a low interest rate for a few months, or charge a transfer fee that may offset any savings in interest.

- **The Auto Payment**: Once consumers determine their payoff plan, they should consider setting up automatic payments through their bank’s bill pay system or directly through the credit card’s website.
For more tips on paying down debt, visit Take Charge America’s Financial Education Library. People who are overwhelmed with credit card debt and are unsure which strategy is best for their situation can contact Take Charge America for a free financial assessment at (866) 528-0588, or set up a credit counseling session online.

About Take Charge America, Inc.

Founded in 1987, Take Charge America, Inc. is a nonprofit agency offering financial education and counseling services including credit counseling, debt management, student loan counseling, housing counseling and bankruptcy counseling. It has helped more than 1.6 million consumers nationwide manage their personal finances and debts. To learn more, visit www.takechargeamerica.org or call (888) 822-9193.

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