

## Tips on Handling/Reducing Credit Card Debt

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Here are some tips for correcting credit card problems:

- Reduce your expenses by paying off the balance on your highest rate loans first. These are usually your credit cards.
- Pay for future purchases using cash or a debit card linked to your checking account.
- Turn to a reputable credit counselor if you have serious problems paying off your credit card debt. This person should be able to help you for little or no cost.
- Beware of *debt consolidation loans*. These are loans that you get in order to help pay off what you owe on several credit cards. They can be either secured loans (for example, home equity loans) or unsecured loans that you promise to repay.
  - Look for hidden charges and ask for references before signing the agreement.
  - Shop around to find the debt consolidation loan that best meets your needs and budget. Research different lenders and collect quotes before deciding. Choosing the wrong debt consolidation loan can make matters worse and put you further into debt.
- Beware of debt settlement companies that charge high rates and application fees.
- Use bankruptcy only as a last resort.