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[How Could You Prudently Pay Down Your Credit Card Debt?](#)

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With relatively high unemployment and volatile economic conditions, people have to contend with rather onerous and exorbitant credit card debt accumulated over the years. Such people often make their monthly payments without paying down their credit card debt and accumulating more debt every day. Let us explore some practical options to pay down credit card debt and stanch the bleeding.

1. YOU CAN MAKE YOUR MONTHLY PAYMENTS

If borrowers can make their minimum monthly payments, then they should seriously contemplate debt management plans offered by credit card companies. These plans would often do the following:

- Reduce Your Interest Rates
- Put You On a Scheduled-Payment Plan
- Offer You Fixed Payments
- Do Not Reduce Your Debt, But Make it Manageable

Such Program makes it possible for borrowers to pay off their debt in five years or so without accumulating more debt.

CAVEATS

- **NEED TO KNOW ABOUT YOUR EXPENSES:** Before calling up your credit card company, you need to have your expenses in writing to tell them about your expenses and your ability to make such fixed payments.

- **NEED TO KNOW THEY WILL CLOSE YOUR ACCOUNT UPON YOUR ENROLLMENT:** The credit card company closes your account upon your enrollment in this program.
- **NEED TO KNOW YOUR CREDIT SCORE MIGHT BE ADVERSELY AFFECTED:** This might adversely affect your credit score. Nonetheless, this adverse impact on your credit score sometimes is much better than carrying a debt with no plan for paying it down in place. In fact, in most cases, credit card borrowers are paying extremely exorbitant interest rates above 23% or so. Without such program, there will be no way for such borrowers to pay down or pay off their debt without a miracle.

2. YOU CANNOT MAKE YOUR MONTHLY PAYMENTS

A. AVOID RELIGIOUSLY DEBT SETTLEMENT COMPANIES

[Debt settlement firms](#), are monsters without tail and horns. In fact, you must make every effort to avoid them. The reason is that they do not have your interests in mind. You SHOULD NOT do the following:

- **DO NOT PAY THEM ANY UPFRONT FEES:** They charge you exorbitant upfront fees, to your detriment, even before they achieve any results. [New Federal Trade Commission Rules](#), will prohibit debt settlement firms from charging any upfront fees.
- **Do NOT SKIP ANY MINIMUM MONTHLY PAYMENTS:** They urge you to skip minimum monthly payments, to your detriment.
- **DO NOT TRUST THEM IF THEY TELL YOU THEY GUARANTY SUCCESS:** They confidently tell you they can certainly help you. However, in fact, most of their clients are worse off when they are done than when they initially approached such firms.

B. SETTLE WITH YOUR BANK, WITH EXTREME CAUTION

If you are between 30 days to 90 days past due on your credit card payments, your bank will send you a letter or call you offering debt settlement. You should be very cautious of the offer and accept it with the provisos, among other things:

- **ENSURE YOU UNDERSTAND THE SETTLEMENT FULLY SATISFIES YOUR FULL DEBT:** The letter, on the bank's letterhead, states unequivocally your full debt is satisfied by the settlement.
- **ENSURE YOU UNDERSTAND THE SETTLEMENT TAX RAMIFICATIONS:** The bank will send you FORM 1099, before filling it out contact a tax attorney. This could be debt income and you might have to pay taxes on the forgiven amount of debt.

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