

Winning credit card battle

By Stephen Chow, Special To The News

Apr 01, 2010

“Ned” used to rent a shop in the downtown Hamilton core. It was pretty modest even by downtown standards.

Last year Ned came across an opportunity to buy his own storefront business and he couldn’t resist.

The new place included accommodations for his family and the seller agreed to provide financing.

All Ned needed was a down payment. With limited resources, Ned used his credit cards to come up with the down payment.

Sadly, Ned is struggling today to keep up with the payments and is at risk of losing his shop and home.

Ned’s story is unique but many consumers struggle with the monthly battle to juggle credit card bills. Whatever the situation, a good recovery plan may include:

1. Tracking your expenses for 1 month – including coffee breaks and lunches. You may be surprised where your money is going and you need to identify areas where you can save.
2. Prioritizing -make minimum payments on time and commit extra payments to the highest rate card. If you can pay off small bills in full and it makes you feel better, go ahead. Eliminating some debts completely can boost morale.
3. Swapping debts -move amounts from higher rate cards to lower rate cards wherever possible. Be careful to read the fine print and watch for transfer fees that may wipe out the benefit.
4. Negotiating with your creditors – in especially desperate situations, you may be able to agree on a plan that includes lower rates and better terms. Creditors would rather earn something over nothing.
5. Cashing in some investments – few investments can compete with the return from paying down a credit card bill charging 19.50% annually.
6. Cash is king – pay for future expenditures with cash wherever possible. Keep only 1 or 2 credit cards and consider putting them in blocks of ice in the freezer. This will curb impulse buying.
7. Simplifying Your Life – find pleasure in simple things. Often they are free.

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