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Dealing With Credit Card Debt

Let's start with the bottom line for credit card debt: If you cannot pay your credit card balance off in full each month, you shouldn't be using it.

Does that sound a bit harsh? What is harsh is carrying debt at interest rates of 20% or higher. With credit card debt at those levels your finances and probably your life in general are not in control. And your finances probably won't be brought under control until you learn the hard way.

Credit cards are wonderful things if used properly. Lots of people couldn't live without them. To do many common things such as renting a car, reserving a hotel room, or to purchase most things either on-line or in regular stores you need access to a credit card.

For young people having a credit card, making small purchases and paying off the balance in full each month will help him or her establish a good credit rating so that later in life they can borrow money to purchase a car or even a house. That is the proper way for young people to use a credit card.

It is more likely that young people are talked into obtaining a credit card without suspecting that they are about to put together large amounts of debt at very high interest rates. Often they don't even have to search for those credit cards, they just appear in the mail with your name on them.

Going through the first \$5000 is easy and lots of fun. Suddenly out of the blue they can get anything they want. They start by making several payments, most often paying just the minimum amount due, and then before long they have hit the credit limit and now the card can't be used anymore, even if it is really needed. And suddenly they are faced with payments of \$200 per month or so, and that is only paying off interest charges.

For that kind of money payments could be made on a car, but these young people don't have anything to show for the money they spent. They probably just blew a lot of it in bars and restaurants with their friends. If asked what they spent the money on there would likely be no response.

How can I say all this with such certainty? I happen to have two grown children who did the same thing even though their parents told them to be careful with their money. Both had to experience real financial difficulties before they learned how to correctly handle their money. And the pain would have been even worse if their father and mother hadn't bailed them out so they could get out from under those 20% interest payments sooner.

Besides realizing the dangers of using credit cards unwisely, young people who start working and who are beginning to make and manage their own money for the first time can learn another simple but important lesson:

Each month look at your bank and credit card statements and simply record how you spent your money. Put expenditures into categories like food, drink, entertainment, rent, utilities, etc. This should take no more than a half hour per month, but it is the difference in being in control of your life and being totally out of control. Are you shocked to see that you spent \$800 or more in bars and restaurants for example? That is the easiest way for young people to separate themselves from their hard earned money. When you see in black and white what you are actually spending you are in a position to do something about it if need be.

So get control of your credit card debt and get control of your life. You'll have to do this some day, so the sooner the issue is faced head-on the better. Click this link: [Student Debt Consolidation](#) to read more about student loans and managing student debt.