

How to get out of credit card debt

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First thing's first. Make sure you listen to what I'm about to tell you... because I know what I'm talking about – I was in your shoes not too far back. I had credit card debt and was living paycheck to paycheck. Now I'm not.

Here's how I did it, and how *you can do it too*:

1. **Commitment and Accountability.** Since you are reading this post there is little doubt that credit card debt reduction is something you need. Do not feel bad, do not feel overwhelmed, just take a deep breath, *get mad* at your debt, and *commit* to doing something about it... for REAL this time! Once you commit, find someone you trust to help keep you accountable. This person should be someone you love and someone who loves you. Someone who has your back... yet isn't afraid to call your bluff. It's powerful to partner up... chances are you will need them somewhere in your debt freedom journey.
2. **Know There is Hope.** There is hope for you, I promise. NEVER forget this... EVER! Depending on how deep you're in it will take time and sacrifice – so don't fool yourself into thinking this will be easy – but as long as you develop a plan you will be just fine. Setting your plan in place gives you peace and hope; because once it's there... it's just a matter of time.
3. **Take Inventory.** How much do you owe? How many cards do you have? What about your significant other – are your bills together, separate, scattered about? Collect all the following information about each card and write it down: Bank name, bank phone number, account number, credit limit, interest rate, amount owed, due date. If you ever get discouraged while doing this... refer to step one – remember your commitment.
4. **Get on the Same Page.** You need credit card help, not more harm. If you have a significant other, it is important for you to view and approach [credit card debt together](#). Being *in credit card debt* is not a game and if you do not enlist the help of those closest to you, it will be MUCH harder to get *out of credit card debt*. Having loved ones on board is one of your biggest allies when seeking credit card relief.
5. **Take Control – Negotiate Your Own Debt Solution.** Are creditors harassing you? Before you sign up with one of those credit card debt management services know that *you can do exactly what they do* relatively easily. Cut out the middle man, save your money, and call your credit card companies directly to negotiate your own solution! When you do this, make sure you request all correspondence in writing and never let them shaft you on your written copy... because they will try. Although I did not have to do this, I have been very involved in this process for my sister's credit card debt reduction program. She is digging her way out of a lot of debt, so I know you can too. Even if it seems overwhelming, it is just a matter of getting a hold on the situation. Once you do that – getting rid of credit card debt is MUCH easier.
6. **Save at least \$1,000 in an Emergency Fund.** This is VERY important because it will buffer you against any emergencies that you may come up against while in credit card debt reduction mode. Consider the following scenario: You have no money saved, and are putting all available funds toward debt repayment when all of a sudden the transmission on your vehicle fails. What do you do? Having at least a small [emergency fund](#) will prevent you from having to put this necessary expense on another credit card. Remember, the goal is credit card debt reduction – and this buffer is necessary! To come up with the \$1,000 have a garage sale, deliver pizzas at night for a month, sell some of your stuff, etc... just hurry up and come up with it so you can start repaying your credit card debt ASAP.
7. **Only Pay What You Can Afford.** Once you negotiate debt settlements with your credit cards, just pay the monthly settlement amount each month – unless you can afford more. If you did not settle, just pay what you can afford. NEVER let the credit card banks pressure you into going without groceries or paying for housing in order to pay them more. Just figure out what you can

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afford to pay them, and pay them that much. Period. Be confident, because all of this is well within your consumer rights.

8. **Consider Peer to Peer Lending.** If you still have a decent credit score (of at least 660), do what I did, consolidate credit card debt with [Lending peer to peer loan](#). This only furthers and supports your move to take control of your own credit card debt reduction process. Not only does this allow you to bypass questionable credit card debt consolidation scams, it will also combine all your monthly payments into one single debt payment and most likely lower the debt interest rate you are paying. Make sure you only consolidate debt that is at a higher rate than you can get through [Lending Club](#). Another benefit is that you can consolidate all types of debt with [Lending Club](#), not just credit card debt. My [Lending Club loan](#) was a consolidation of 3 credit cards and 1 auto loan. Read more about my debt consolidation story by checking out my [Lending Club Review](#).
9. **Reduce Expenses – Increase Income.** Do whatever you have to do to start living on less while earning more. Living on less will increase your ability to speed up your debt reduction. Lowering your expenses is crucial because in doing so you are essentially giving yourself a raise. [Save money on groceries](#), [save money on TV bills](#), [save money on trash bills](#). Use ideas like these to [increase cash flow](#), increase credit card debt reduction payments, and increase savings. You will also benefit greatly from increasing your income. Do what you have to do. Keep that pizza delivery job you attained to build up your emergency fund, start a blog, become a dog sitter, house sitter, or baby sitter. If they pay you for it, put in overtime at work. Start your own home-based business doing something you love. As you can see there are many ways to increase income... I have just listed a few here. Be creative, get out there, and work your way out of debt!
10. **Save Money While You Repay Debt.** Others may argue with me here, but I believe you work too hard to have 100% of your money leave you every month. Make sure that you always pay yourself something; even if the amount is small... something is better than nothing. Even if you can only save 1%, then save that 1%. Consider following my [75/25 method of debt reduction and emergency savings](#). I am a believer in the old adage, “pay yourself first”, even if it is only \$5/week!
11. **Go on Autopilot.** Take a deep breath again... now things are starting to feel better right? Now that you have everything in order, just let all your bills go on autopilot. Use this time to [start a budget](#) and take care of other personal finances loose ends. Continue reducing you expenses, start reading some good personal finance books, and really start building your knowledge of personal finance matters so you do not wind up in this position again. Remember that a [journey of a thousand miles](#) begins with a single step, and [the tortoise always wins](#) the race. This isn't about huge and fast credit card debt reduction; this is about faithful and consistent credit card debt reduction!
12. **Commitment and Accountability.** Yes, step 12 is the same as step 1. Why? Because patience, commitment, and accountability seem to be lost art forms in our modern society, yet those who are patient, consistent, and committed are the ones who always end up winning in personal finance! Do you want to be successful in credit card debt reduction? Do you want to win? Then be patient, follow this guide, stay committed, and sit back and watch as your credit card debts shrink and your savings grow. You are not alone... not only do you have your accountability partner, you also have me! I'm on the same mission as you! You can follow [my monthly debt and savings updates](#) for encouragement and motivation to continue on your own debt free adventure.