



Pay Up!

By Dr. Linda Hancock

ABOUT THE AUTHOR

Dr. Hancock has written a regular weekly column entitled “All Psyched Up” for newspapers in two Canadian provinces for more than a dozen years. Over the years, her readers and clients have said that they have benefited from her common-sense solutions, wisdom, and sense of humour. Dr. Linda Hancock, the author of “Life is An Adventure...every step of the way” and “Open for Business Success” is a Registered Psychologist who has a private practice in Medicine Hat. She can be reached at 403-529-6877 or through email office@drlindahancock.com

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This is the week that many credit card bills arrive. Perhaps you got carried away with buying during the Christmas season and your balance is higher than you even expected. Well, it's time to get back on track again:

1. Don't ignore the situation - Not opening a bill doesn't mean that the balance will go away. You need to open all the mail and face reality.
2. Make a list of your debts - On a piece of paper set up columns, each of which has a specific heading such as the company you owe, the total amount, the minimum payment, the due date and the interest rate. Then enter the information from your statements and add up the columns.
3. Never pay less than the minimum due - Your credit rating is one of the most important things that you have. Every time that you miss a payment, it is a mark against you. Remember to send the cheque or make the online payment a few days ahead so that it reaches the vendor on time. Otherwise you may pay an additional penalty and interest.
4. Target the debt with the highest interest rate - Paying interest is like giving your money away to someone you don't even know. Make a plan to attack the bill with the highest interest rate so that it is paid off quickly. Then you can take the amount that you have been paying for this bill and add it onto the payment you have been making for the debt with the next highest interest rate. Continue doing this until everything is paid off.
5. Get rid of things that get you into trouble - When you have more than one credit card or line of credit, you might not exercise restraint. Practice living on cash rather than plastic because then you can see what you have and not be fooled into thinking that your possibilities are unlimited. Cut up the high interest cards. Talk with your financiers about replacing what you have with lower interest products.
6. Be wise - Instead of eating out or ordering in, cook something at home. Walk to work and save gas. Borrow books and movies from the library rather than buying them.
7. Reduce your commitments - There are likely things that you can do to save money. You might change your cable package, wait an extra week before getting your hair cut or call your phone company to see if there is a cheaper plan.
8. Quit spending - You might have to eat out of your cupboards or stay home and watch reruns for a while in order to get things under control again. It also helps to stay out of the stores where you will be tempted.
9. Increase your income - Think of ways that you can earn extra money. Perhaps you can do some paid overtime, work a few hours a week at a part-time job or use skills that you have developed to generate additional cash. This money, when applied to your debt will purchase freedom for you down the road.
10. Turn unused items into bonus income - What do you have that you can sell? There are internet sites that allow you to post ads without cost. Remember, every dollar that you put against your debt will reduce not only the amount you now owe but also the amount of interest you will be charged until it is paid.

When you buy things on credit you are responsible to pay for them. There is no one else to blame. You cannot expect anyone else to pay your bills for you.

But the good news is that you can take control of your situation and get to a point where all of your money is yours again. Remember, you don't have to share it with others in the form of interest if you don't owe anything.