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**Beware of Falling Minimum Payments**

**By James H. Dimmitt**

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If you opened a credit card statement recently and were pleasantly surprised to find that your minimum payment due was lowered, don't be so quick to "jump for joy". What may appear as a small boost to your monthly budget is actually the rock that can weigh you down in debt for a lifetime.

More and more credit card companies are moving to requiring a minimum payment of 2% of your total outstanding balance. Consumer Action, a consumer advocacy group out of San Francisco, found that the number of card companies with a 2% minimum payment reached 53%, up from 43% just a year ago.

Some creditors have even gone so far as to call this a "consumer friendly" move claiming it will assist consumers faced with today's economic woes. In reality, a lower minimum payment causes you to take longer to pay off your debt to the creditor while winding up paying them more money in interest payments.

For example, let's say you have a credit card debt of \$2500.00 @18% annual percentage rate (APR). Your monthly minimum payment based on a 2.5% pay back rate would be \$62.50 per month. Oh and by the way, here's what the credit card company really doesn't want you to know – it will take you 20 YEARS to pay off your \$2500.00 balance paying the minimum monthly due. And you will have paid the credit card company \$3,365.51 in interest!

Now lets look at the same example using the rate of 2% minimum monthly payment. Your monthly payment drops to just \$50.00 a month. You might be tempted to think "wow, I've got an extra \$12.50 a month to play with, yippee!". Not so fast! That lower minimum payment now means it will take you 34.5 YEARS to pay off your balance of \$2500.00 and you'll wind up paying \$6,430.93 in interest!

Consumer Action also reports that many credit card companies are imposing higher late payment fees and "more than a third of card issuers said they will raise existing cardholders' rates because of poor

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credit histories — with other creditors — even if the consumer has made regular, timely payments with that issuer".

My advice is to watch your use of credit carefully, always pay more than the minimum monthly due, and be sure to read the fine print on any credit card offers or changes to your existing accounts.

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Author: James H. Dimmitt.

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### **Credit Cards Debt Consolidation**

**By Risto**

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Consolidating credit card debt is never easy. Too often people run up their debts without even realizing it until it is too late. If you are one of these people, don't feel bad or trapped, or that there is something wrong with you. Credit cards are the hardest bills to consolidate because the interest rates are so high. But not any more. We are here to help you get your monthly payments to a bear minimum.

Most often, credit card debts get so high because people feel trapped within their payments. More often than not, you will find yourself using one credit card to make payments on another. You think to yourself, "at least I'm making the payments on time", when in actuality, you are simply substituting one payment for another. Right now you probably have up to five different payments to make. Let our professional team convert your five payments into one affordable payment. We'll help you sleep a lot easier.

Written by Risto – Webmaster of credit cards comparison site

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