



PacifiCare®
Behavioral Health

Wellness Monthly

Healthy matters to keep in mind.

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Say Goodbye to Credit Card Debt — for Good

When we can't afford to pay cash for what we want — or need — at the moment, it may be tempting to resort to credit cards. And, over time, this can lead to a pile of debt. But, you can take control of your situation. Follow these tips to help manage your credit card debt today and protect your financial future.

Hitting It Head On

When you don't pay off your credit card balance each month and limit your spending, that monthly credit card bill can be a rude awakening. Address the debt now to keep it from growing out of control.

- **Make a plan.** Create a list of your credit card debt lenders, the amount you owe to each, the interest rates you're

being charged, the minimum amount due on each balance per month, and when that payment is due. Then set realistic goals, such as paying down one credit card by the end of this year or reducing your total debt by 50 percent within five years.

- **Create a budget.** Write down every expense per month to see where your money is going. Eliminate as many unnecessary purchases as possible.

- **Think outside of the box.** Can any credit card purchases be returned to help wipe out the debt? Or could

you sell any items and put the money toward debt payments?

Take Another Route

If your credit card debt is out of control, there are other ways to tackle the problem.

- **Determine how much monthly income you can count on and how much your expenses and debt payments total.** Then, consider each of your debts individually to decide which can be juggled. Companies may be more flexible in working out an easier payment plan.

What do some of the credit card terms mean?

- **Annual percentage rate (APR)**
A yearly rate of interest that includes fees and costs paid to acquire the loan.
- **Annual fee**
A bank charge for use of a credit card levied each year, which can range from \$15 to \$300, billed directly to the customer's monthly statement.
- **Balance transfer**
The process of moving an unpaid credit card debt from one issuer to another.
- **Pre-approved**
A credit card offer with "pre-approved" only means that a potential customer has passed a preliminary credit-information screening.
- **Teaser rate**
Often called the introductory rate, it is the below-market interest rate offered to entice customers to switch credit cards or lenders.

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Adapted from the online glossary at Bankrate.com.

- **Which credit card accounts have you had the longest?** Creditors may be more likely to negotiate with a long-term customer.

- **Consolidate your debt onto one credit card.** This may be an attractive choice, but make sure the numbers add up. For example, if you have two

balances on two separate cards with identical interest rates, combining the balances won't save you money. However, if one card carries a lower interest rate, it might make sense to transfer other balances to that card. Read the fine print and ask questions first. Depending on the creditor, there may be hidden fees

or the rate may jump after time.

Fighting credit card debt and managing your finances isn't always easy. But, you don't have to go it alone. PacifiCare Behavioral Health is here to help. Call or log on any time for help with any of life's challenges.



Smart Tips for Living Debt-Free

In a pinch, some credit card purchases can make sense. But, each purchase can add up and quickly spiral out of control. The best way to avoid this problem is to limit your use of credit cards as much as possible. We know this isn't so easy for everyone, but here are some tips you can try:

- **Carry only one card with you for emergencies** and leave the rest at home (or cut them up) to avoid impulse buys.
- **Think about the true cost of your purchases** before you hand your card to the



cashier. The credit card adds interest and finance charges to the total cost.

- **If you must use your credit card, try to pay more than the minimum payment whenever possible.** Making only minimum payments

lengthens the time it takes to pay off the balance. For every month that you carry a balance on the card, the interest accrues and the balance grows, so you wind up paying more in the long run.

Resources

PacifiCare Behavioral Health

Ask your HR representative for your access code and toll-free number.

www.liveandworkwell.com

Use the search phrase "credit card debt" to learn more about consolidating debt, managing a budget and finding debt relief.

Use the search phrase "personal finance" to learn more about financial planning, personal finance for young adults and paying off debts between jobs.

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