

Credit card debt reduction checklist

Reducing your credit card debt is the first step toward living the life you deserve. Typically, credit cards carry high interest rates, so try to pay them down as quickly as possible.

□ Check your credit score.

As a starting point, check your credit score at Equifax, Experian, or TransUnion. Your credit card company may even provide your score for free. As you lower your debt, your credit score will improve.

□ Inventory all your credit card debt.

Make a list of each credit card, the balance, interest rate, and the minimum monthly payment.

□ Make at least the minimum payments on every card, every month.

Consider having payments automatically debited from your bank account.

□ If you can't make the monthly minimum payments, contact the credit card company.

Reach out and ask if you can set up an alternative payment plan so you don't fall further behind. Many will accommodate you.

□ Pay off the card with the highest interest rate first, or pay off the smallest balance first.

If possible, pay extra on the card with the highest interest rate. The faster you pay it down, the more you'll save in interest. It also feels good to pay a card with the smallest balance completely off. Choose the approach that motivates you the most to keep tackling your debt.

□ Repeat.

Once you've paid off the card with the highest interest rate, move on to the card with the second-highest rate, and so on. Or pay off your card with the next smallest balance. Also, consider consolidating all your balances to a new card with a lower interest rate.

□ Set a goal to pay everything off by a specific time.

Paying off all your credit cards may seem overwhelming, but if you specify a realistic date to pay everything off (depending on your debt and income), and write it down, you're more likely to accomplish it.

□ Don't close the credit card accounts you pay off.

While it's satisfying to close your accounts as you pay them off, if you do, you might shorten your credit history. That could actually hurt your credit score. (Just make sure not to add any new charges.)

□ Track your progress.

Check your credit score every six months and track your progress. Congratulations! You're starting to take control of your financial life.

□ Put your newfound cash to good use.

While balancing paying down your credit cards with your other priorities, you'll likely have freed up some cash that you can start saving and investing. A good rule is to put 20 percent of your money toward that. At the same time, you can start tackling any other types of debt and building an emergency fund that equals about three to six months' salary.