

## How About a Game of Freeze Tag?

**Freeze tag? You must be running out of ideas, Budget Guy, if all you could come up with this month is a kid's game! Do kids even play that any more??**

My kids do. Well, probably not my seventh-grader anymore. Wouldn't be cool.

But it doesn't matter because the freeze tag I'm talking about is for adults. Adults with credit card debt. Freeze tag is a great way to great rid of that debt.

**Okay, I'll bite. How do you play freeze tag with credit card debt – run around in a circle until the bill comes in and then freeze and hope it doesn't see you?**

Hmmm. Interesting idea, but no... that's not it. My freeze tag has three simple rules, starting with...

### **Rule #1 - Freeze your hand**

You'll never get rid of your credit card debt if you keep adding to your balance. So whenever you find yourself reaching for your credit card, freeze your hand and pay cash, use a debit card or write a check.

**Yeah, well, I like the convenience of paying with a credit card. Plus I get all these neat airline miles...**

You mean frequent debtor rewards? Ever stop to think about how much those things are really costing you?

Look, credit cards are fine as long as you keep them paid off. So if you think you're disciplined enough to always pay off any new charges each month as well as pay something against your old charges...

**You got me there, BG. If I could do that I wouldn't have any credit card debt in the first place! Better lay Rule #2 on me.**

### **Rule #2 - Freeze your cards**

The best way to keep from adding to your credit card debt is to fix it so you can't use them. So

take your credit cards, drop them into a baggie, fill the baggie with water and put it in your freezer. Then if you're tempted to use them, while they warm up you'll have plenty of time to cool off and decide if you really need them after all.

**Reminds me of one of my girlfriends - she played hard to get and it took a while before she warmed up to me...**

Uh...moving right along, next up is...

### **Rule #3 - Freeze your payment**

Why do the minimum payments on credit cards go down each month? Because that will keep you in debt for a long time and make it easier for you to add to your debt. But if you can afford to make the minimum this month, and you follow Rules #1 and #2, can't you afford to continue to pay that same dollar amount each month from now on.

And what a difference that will make! For example, suppose you have \$10,000 in credit card debt at 12% interest and your monthly minimum payment is 3% of the balance. That means that your minimum is \$300 in the first month. Here's how long it will take you to completely pay off that \$10,000 if you just make the minimum each month versus paying a flat \$300 each month:

That's right - keeping your monthly payment at \$300 instead of reducing it as the monthly minimum goes down makes a **huge** difference – it reduces the payoff time by *more than 11 years* and saves *more than \$2,500* in interest!

<b>Monthly Payment</b>	<b>Time to Pay Off</b>	<b>Interest Paid</b>
Monthly Minimum	4 yrs, 7 mos	\$4,815
\$300	3 yrs, 5 mos	\$2,225

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There's a table on the church website that shows more about how this works ([news.shpc.org](http://news.shpc.org), click on "Budget Guy Recommends")

**That's pretty cool, BG! Seems to me like something I can do with just a little bit of discipline. I've got debt on three cards, though, so I guess I just freeze my payment for each one?**

You could. But a better way is to pick one card that you'd like to pay off first and target it.

If you want to get out of debt the fastest and save the most on your finance charges, start with the card that has the highest interest rate. If you want to get something paid off as soon as possible, start with the card that has the smallest balance.

In the first month, pay the minimum on each card. That total then becomes the dollar amount you will pay each month from now on – your fixed monthly payment.

In the second month, pay the *minimum* on all cards *except* for the one you want to pay off first. That card gets the rest of your fixed monthly payment, which will be slightly more than the minimum for that card.

Do the same thing in the third month. Because the minimums will be going down on your other cards, you'll be paying more and more each month on the card you want to pay off first. Before you know it, the balance on that card will be going down *fast*.

When the first card is paid off, pick another one. Keep on doing what you've been doing - *just make sure to keep your fixed monthly payment at the same level*. That way the money you were paying on the first card will now go to the second card. Imagine how fast *it* will be paid off!

Lather. Rinse. Repeat. Pretty soon, no more ~~dandruff~~ credit card debt! (I'm still working on the dandruff thing.) There's a table on the website that shows how this works ([news.shpc.org](http://news.shpc.org), click on "Budget Guy Recommends").

**Okay, BG, let's see if I've got this straight. I can get rid of all my credit card debt by just**

**following three simple steps. Step #1 is...wait a minute...Step #1 and Step #2 are really the same thing aren't they?**

Yep. Stop adding to your credit card balances. Nada. Nothing. Not a single penny more.

**Well duh – that's a no-brainer! Can't get out of debt if I'm making more debt. So it's really just two steps. Step #1, don't make any new debt. Step #2, stop being suckered in by the minimum monthly payments. Take the dollar amount I'm paying this month and pay that same amount from now on.**

That's pretty much it. And when you find yourself needing a little boost to keep going, just think about what you will be able to do with your monthly payment when it's no longer going to the credit card companies!

Part of my job at SHPC is to help people get out of debt and manage their finances better. It's free and it's confidential. Just call the Budget Guy, Allen Gunter, at 292-4035 or send an email to [BudgetGuy@shpc.org](mailto:BudgetGuy@shpc.org). And for a great Bible study, check out the Crown Financial Ministries Small Study Groups – call Margaret Fetty at 288-9034 for more info.



## **IHN help is needed!**

*IHN (Interfaith Hospitality Network) guests are families with children who, because of a crisis situation in their lives, have lost their homes. The program provides for them to live at Austin area churches while they find housing and get back on their feet.*

St. Thomas More Catholic church at 10205 RR 620 N will be hosting IHN Christmas week but the volunteer positions will be filled by volunteers from other churches. Look at this website and click on "location" to see the location: [www.stmaustin.org/index.shtm](http://www.stmaustin.org/index.shtm)

If you are interested in providing a hosting position during that week, contact Sarah Stranahan at 264-2319, [sstranahan@austin.rr.com](mailto:sstranahan@austin.rr.com). Positions include preparing and serving dinner, being a day or evening host, and being an overnight host.