

## **Paying down credit card debt after the holidays**

The holidays are officially over, but the debt remains. Overspending happens every year during this time, and once the holiday glow is over, the bills start taking over.

According to [Magnify Money's annual post-holiday survey](#), 31 percent of consumers took on debt to cover their holiday expenses last year. Of those who did, they spent \$1,381 on average, with 56 percent of consumers using credit cards for their purchases.

If you ended up overdoing it a bit around the holidays, it will take some work to get back on track. The most important thing you can do when paying down debt is to stick to your plan. Here are some easily implemented tips to get started from [CNBC](#).

**Know your budget** – If you don't have a budget, make one. If you do, revisit it. Make a list of who you owe, how much, and the interest rate for each.

**Select a payback method** – There are two different schools of thought for paying back debt: The snowball method, in which you start by paying off the lowest amount of debt and then move on to the next lowest and so on; or the avalanche method, which focuses on paying down the debt with the highest interest rate first. There are benefits to each, and you could even mix it up and use a combination of the two.

**Automate your payments** – Once you decide on your preferred method of payment, automate it. Paying down debt isn't as fun as saving for a fun vacation, but by automating your payments, it will almost be out of sight, out of mind.

**Lower your rate** – If you can find a credit card with a 0% rate on balance transfers, you should apply for it. Then transfer your highest balance to get a lower interest rate.

**Pay more than the minimum** - No matter the rate, always pay more than the minimum payment each month. Typically, a minimum payment is only 1% of the total, plus interest. If paying only the minimum on \$6,300 (the average amount of household credit card debt in America) with an average interest rate of 16%, it would take 17 years to pay it down, and you'll end up paying around \$7,100 in interest. Doubling the minimum amount each month will result in a little over two years of payments with only \$1,100 in interest.

No matter how much debt you incurred over the holidays, make a plan, find the best interest rates, and stay diligent in paying it back.