Credit card debt is relatively low priority debt. If you do not pay it, you do not face immediate loss of your car, home, wages, bank account, or other property. If you do not have enough money to pay all your bills, you should generally not make significant payments on your card debt ahead of your mortgage, car loan, utilities, food, medicine, and the like. Keeping this priority in mind, this chapter provides advice on paying down your credit card debt.

Just because credit card debt is low priority does not mean that you should pay off other debts with your cards. As described in the chapter on medical debt, you should not pay off medical debt with a credit card if you will have trouble paying these credit card charges, no matter how much a debt collector is hounding you to do so. You have better choices concerning your medical debt than you do concerning your credit card. Similarly, you should not opt for a special credit card offered by your medical provider—as described in the prior chapter, you are better off owing your provider than this card issuer.

Chapter 23 [1] below also explains why you have better options for paying back-taxes to the IRS than putting the tax obligation on your credit card. You can get a better deal with more flexible terms from the IRS.

On the other hand, it may be a smart choice to put necessities on your card (or use your card for a cash advance) if that is the only way to free up cash to make your mortgage, rent, car, or utility payments. Similarly, paying a criminal citation with a credit card (if available) is better than losing your driver’s license or even being incarcerated for non-payment.

You may find that delinquent credit card debt is your biggest headache because the lender or its collectors will be the most aggressive in contacting you. There is a reason for that—they don’t have better tools, unlike a mortgage company that can take your house. The key point here is to think strategically about your card as to when it is best for you and your family to pay it and to use it. Do not let debt collectors make this decision for you. There are far better ways to stop debt harassment than giving in to the collector and making a bad decision. The next section gives you a realistic view of how non-payment on your card affects you and your family.

Source: National Consumer Law Center, Surviving Debt [50th NCLC Anniversary Edition], updated at www.nclc.org/library
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