

How credit cards can lead to bankruptcy

Bankruptcy – Credit Cards

Many Americans are going bankrupt today and the reason is because they are using more than one credit card and spending money they do not bring in. There are quite a lot of ways to get out of this financially unhealthy cycle. But it is still recommended that you take precautions not to fall into it in the first place. Read on to know what you should do.

Credit card debts are the main reason for these bankruptcy cases today. The debts generally start off with a very small amount and then owing to bad spending habits, it goes on increasing until it reaches unfavorable amounts over a month's time. This goes on and on and then the card holder tends to become overwhelmed with their payments and eventually needs debt counseling or bankruptcy.

Most working Americans own several credit cards which they use in place of money they actually have. The replacing of hard cash with a small piece of plastic is more convenient and some believe it is an easier way of tracking where their money is spent via the credit card statement. These credit cards are very convenient as they do not occupy much space and also transactions can be carried out quickly. There are even television ads today put out by VISA that show people slowing down the line at fast food restaurants and retail stores because they chose to use cash or write a check. They are portrayed as losers and idiots for not keeping the flow moving by using a plastic card! This is clever advertising on behalf of the credit card industry in my opinion. They are making millions of dollars in interest and fees, while consumers are unable to build financially strong savings accounts.

A normal credit card minimum payment ranges from 2% of the total interest rate to 3%. This is where the consumer is blinded. They make the minimum payments only because they are affordable. The problem is, it will take the average consumer 382 months to be rid of \$10K worth of credit card debt. In that time, you will pay \$14,615.49 in interest! Now, you tell me if that is a financially smart way to spend your hard earned dollar?

The best way to overcome the possibility of becoming bankrupt due to credit card misuse is to consolidate your credit cards to the lowest possible interest rate-preferable 0% and then pay as much as you can to pay off the balance. If you are unable to do that and you are already facing financial hardship, then you may want to consider debt counseling before you have no other option but to go bankrupt. Be careful with those cards!

About the Author

Sandra Baughman, has been an expert in the financial industry for over 10 years [Debt Management](#). If you would like further information regarding Debt Management and/or Debt Settlement, please visit [Debt Settlement](#) here.

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