GoalTodo

Pay off a credit card: stop adding to it, then pay it down monthly

Pay off a credit card

15 weeks · Mon, Nov 30 → Sun, Mar 14

Week by week

Tick a box each time you do a session.

Nov 30–Dec 6
Week 1

List every balance and its rate

Know

- [ ] Find the latest statement for each credit card, online or on paper
  20 min
- [ ] Write down each card's balance, interest rate (APR), minimum payment and due date, then add up the balances.
  30 min

Done when: You have one list with every card's balance, rate, minimum and due date, and the total you owe

Sticking point: The total can be hard to look at. Write it down anyway: it's the number this plan works on, and from here it only goes down.

Dec 7–13
Week 2

Stop adding to it

Stop

- [ ] Take the card out of your wallet, and remove it from your phone's wallet and from shops and apps that save it
  20 min
- [ ] Move any regular payments on the card, such as subscriptions, to your bank account, or cancel them
  30 min
- [ ] Pay for everyday spending with a debit card or cash, not the credit card
  every purchase this week

Done when: Seven days with no new spending on the card, and no regular payments left on it

Sticking point: A forgotten bill turns up on the card. Move it or cancel it, and count your seven days from there. Interest added to the balance isn't new spending.

Dec 14–20
Week 3

Your monthly amount

Plan

- [ ] Use last month's bank statement to add up your income and your essential costs: housing, energy, food, transport, other debts
  30 min
- [ ] Pick one amount to pay on your cards each month, above the total of the minimums
  20 min

Done when: You've written down one monthly amount, above the minimums, that you can pay every month without putting other spending on the card

Sticking point: Picking the biggest amount you can imagine. If it leaves you short, the shortfall goes back on the card. Choose an amount you can keep paying, and add extra when you have it.

Dec 21–27
Week 4

Which card first

Plan

- [ ] Read about the two common orders: highest interest rate first (the avalanche), or smallest balance first (the snowball)
  20 min
- [ ] Pick your order and mark your target card on your list
  10 min

Done when: Your target card is marked: every other card gets its minimum, and the target card gets the minimum plus the rest of your monthly amount

Sticking point: Highest rate first costs the least interest. Smallest balance first gives you a paid-off card sooner, which keeps some people going. Either works if you stick with it. With one card there's nothing to choose: all of your amount goes on it.

Dec 28–Jan 3
Week 5

Balance transfers: know the costs

Learn

- [ ] Read how a balance transfer works: the transfer fee, how long the low rate lasts, and the rate after it ends
  20 min
- [ ] Work it out for your balance: the transfer fee in money against the interest you'd pay in the months you need. Write down yes or no
  20 min

Done when: You've written down whether a transfer would save you money, after the fee, in the time you need to clear the balance, and decided yes or no

Sticking point: A transfer only helps if you clear the balance before the low rate ends and put nothing new on any card. If you're struggling to make repayments, it usually isn't the answer: free debt advice is.

Jan 4–10
Week 6

Payment 1

Pay

- [ ] Set up an automatic payment of at least the minimum on every card, timed just after payday and before the due date
  20 min
- [ ] Pay your monthly amount: the minimum on every card, and the rest on your target card
  your monthly amount

Done when: Your first payment has gone in on every card, and automatic payments are set up for next month

Sticking point: Automatic minimums mean a busy month never turns into a missed payment. The extra on top can be automatic too, or a payment you make by hand each payday.

Jan 11–17
Week 7

Read your statement

Check

- [ ] Open your new statement: check your payment arrived, and write down the interest charged and the new balance
  15 min

Done when: You've written down the new balance and this month's interest next to your week 1 numbers

Sticking point: Interest can make progress look slow at first. As the balance falls, so does the interest, and more of each payment goes on the debt itself.

Jan 18–24
Week 8

Find extra money

Boost

- [ ] Go through last month's spending and pick one cost to cut or cancel
  30 min
- [ ] Add what it saves to your monthly amount, or pay it on your target card now
  10 min

Done when: One cost is cut or cancelled, and what it saves is going on your target card

Sticking point: Cutting everything at once rarely lasts. One cost a month that stays cut does more than a list you give up on.

Jan 25–31
Week 9

Check for slips

Check

- [ ] Look through the card's recent transactions online for anything new
  10 min

Done when: Nothing new has gone on the card since you stopped, or you've moved anything you found to your bank account and noted why it happened

Sticking point: One slip doesn't undo the plan. Note what caused it, such as a forgotten subscription, a big shop or a surprise bill, and plan for it next time.

Feb 1–7
Week 10

Payment 2: half paid off

Pay

- [ ] Pay your monthly amount, the same way as before
  your monthly amount
- [ ] Check the new balance against your week 1 total
  10 min

Done when: Payment 2 has gone in, and your balance is half or less of your week 1 total

Sticking point: That's the halfway point. Keep everything the same for the last stretch.

Feb 8–14
Week 11

Bills that aren't monthly

Plan

- [ ] List the costs coming in the next three months that aren't monthly: birthdays, car or home repairs, yearly renewals
  20 min
- [ ] Set aside a small amount each payday for them in your bank account
  10 min

Done when: You know the next three months' irregular costs, and how each one will be paid without the card

Sticking point: These are the costs that usually send people back to the card. A small buffer, even a little each payday, means one repair doesn't undo a month's progress.

Feb 15–21
Week 12

Compare your interest

Check

- [ ] Write down this month's interest charge and balance next to the earlier months
  15 min

Done when: You can see the balance and the interest charged each month since payment 1, side by side

Sticking point: If the interest isn't falling, check nothing new has gone on the card and that your extra is going on the target card.

Feb 22–28
Week 13

Check for slips

Check

- [ ] Look through the card's recent transactions online for anything new
  10 min

Done when: Nothing new has gone on the card since you stopped, or you've moved anything you found to your bank account and noted why it happened

Sticking point: One slip doesn't undo the plan. Note what caused it, such as a forgotten subscription, a big shop or a surprise bill, and plan for it next time.

Mar 1–7
Week 14

Payment 3: pay off the rest

Pay

- [ ] Ask each issuer, or check online, how much clears the card, including interest up to the day you pay. Pay it off if it fits what you can afford this month. If it doesn't, pay your usual amount and finish next month
  your monthly amount, plus any extra you can afford

Done when: You've paid every card's remaining balance in full, or, if it didn't fit, paid your usual amount and noted when the last payment will go in

Sticking point: Interest is charged until your payment arrives, so a little can still show after you pay. Week 15 checks for it.

Mar 8–14
Week 15

A zero balance

Finish

- [ ] Once your payments have cleared, check each card's balance on its next statement or online, or ask the issuer. Pay any interest left until the balance is zero
  15 min
- [ ] Decide what the card is for now: keep it for planned spending you clear in full each month, or close it after moving any regular payments off it
  20 min

Done when: Your payments have cleared, any interest left is paid, every card shows a balance of zero, and you've written down your rule for the card from now on

Sticking point: The card isn't the enemy, carrying a balance is. Only use it for spending you already have the money for.

How the plan works

Every level starts the same way, with the first two steps on your goal board: list every balance and its rate, then stop adding to it. Then you work out a monthly amount you can keep paying, choose which card to clear first, and set up your payments.

After that, you pay once a month. Between payments there's one short task a week: read your statement, find a little extra money, check for slips, plan for bills that aren't monthly. The plan counts a month as four weeks. If your payday lands a few days later, tick the week when the money goes in.

Where the plan ends depends on your level, because no plan can promise a date for every balance:

- 3 months or less: it ends with the card paid off and a zero balance.
- 4 to 8 months: it ends with the balance half paid off, the third step on your board.
- Longer, or minimums only: it ends with three payments made on a plan you can keep, with free debt advice if you need it, and a check on whether the balance is falling.

Until your first plan payment, keep paying at least the minimum on every card by its due date. Missing one brings late fees and other costs. If you can't, call your card issuer before the due date, and pay what you agree with them.

This plan is education, not advice. It never tells you which card, lender, company or app to use.

Which level to pick

Divide your total card balance by the amount you think you could pay each month. That's roughly how many months it would take, before interest. Interest makes it longer, so for a closer answer use a credit card repayment calculator or ask your card issuer.

- I could clear it in 3 months or less: the answer is 3 or under.
- It would take 4 to 8 months: the answer is more than 3, up to 8.
- Longer, or I can only pay the minimum: the answer is more than 8, you can only afford the minimums, or you're not sure you can afford those.

A rough guess is fine. In week 3 you set your monthly amount: redo the sum with it, and if it points to a longer level, start that one instead. If you're between two levels, pick the longer one. If you've missed payments recently, pick the last level whatever the size of the balance.

Before you start

Get free debt advice now if any of these are true:

- you can't pay the minimums on your cards after essential costs
- you've missed card payments, or you're behind on rent, energy or other bills
- you're using one card, or another loan, to pay a card
- at what you can afford, it would take years
- the debt is affecting your sleep, health or relationships

Free, non-profit services help you see your options and work out a plan. Ask what anything costs before you agree to it:

- US: non-profit credit counselling agencies, which you can find through the NFCC (https://www.nfcc.org/)
- UK: MoneyHelper (https://www.moneyhelper.org.uk/), which points you to free debt advice, StepChange (https://www.stepchange.org/) or National Debtline (https://nationaldebtline.org/)
- Canada: the Financial Consumer Agency of Canada's guide to getting help with debt (https://www.canada.ca/en/financial-consumer-agency/services/debt/debt-help.html), which explains credit counselling and how to check an agency
- Australia: the free National Debt Helpline (https://ndh.org.au/), 1800 007 007

If you can't make a payment, call your card issuer before the due date. Ask what hardship help is available, such as a payment plan. The earlier you ask, the more options you have.

Pay the card before you invest. No investment reliably beats the interest on a card balance. The Start investing plan on GoalTodo is for after.

Spotting debt relief scams

Some companies offering to fix your debt make it worse. Be wary of:

- contact out of the blue offering to clear or cut your debt
- a fee before anything is done for you
- pressure to decide quickly, by phone or message, without time to think
- being told to stop paying your cards while they "negotiate". This is how debt settlement works: your credit record suffers, and the people you owe can chase you harder

Free debt advice is available, so you never need to pay someone just to get started. In the US you can report a scam at ReportFraud.ftc.gov (https://reportfraud.ftc.gov/); in the UK, check a firm is authorised on the FCA register (https://register.fca.org.uk/) before you deal with it.

What you'll need

- Your latest statement for each card, online or on paper.
- Last month's bank statement, to work out what you can pay. If you don't have a budget, the Keep a budget plan is a good companion.
- A list, on paper, a spreadsheet or a note on your phone, for each card's balance, rate, minimum, due date and monthly interest.
- Your card issuer's phone number, on the back of the card.
- The free debt advice contact for your country, listed above, saved somewhere you'll find it.

Common mistakes

- Paying only the minimum. It keeps you in debt longest and costs the most interest. Pay more whenever you can.
- Still using the card. New spending cancels your payments. Stop adding to it before anything else.
- Picking an amount you can't keep up. A smaller payment every month beats a big one that sends you back to the card.

- Moving the balance and spending again. A balance transfer only helps if nothing new goes on either card and you clear it before the low rate ends. Count the fee.
- Waiting too long to ask for help. Hardship help and free advice give you more options the earlier you ask.
- Paying for help that's free. Check the scam signs above before you sign up to anything.

Keeping it up

If your card is paid off, keep the rule you wrote in your last week: only use the card for spending you already have the money for, and clear it in full every month. Then put the amount you were paying into savings. The Build an emergency fund plan uses it well, and the Buy less plan helps the spending stay down.

If you've paid off half, keep the automatic payment running at the same amount. The second half goes faster, because there's less interest. When what's left would take 3 months or less, start the first level to finish it with the same weekly checks.

If you're on a plan you can keep, stay on it. When what's left would take 8 months or less at your monthly amount, start the 4 to 8 months level.

Whatever your level, check once a month that your payment went in and nothing new went on the card. If money gets tight, lower the payment rather than miss one, and call your card issuer or a free debt adviser early.

If you fall behind

Missed 1 week: Pick up where you left off. If the missed week was a payment week, make the payment now, and make sure every card's minimum is paid before its due date.

Missed 2 weeks: Do the missed checks alongside this week's, or move your finish date on by two weeks. Never let a due date pass: if you can't pay, call your card issuer before the date.

Missed 4 weeks: If your automatic payments kept going, check nothing new went on the card and carry on. If payments were missed, pay what's due now, call your card issuer about your options, and move your finish date on.

Missed 8 or more weeks: Make a new list, as in week 1: every balance, rate, minimum and due date. Pick the level that fits today and set a new finish date on the plan page. If the balance has grown or you've fallen behind, contact free debt advice now.

Sources

Moneysmart (ASIC)
`https://moneysmart.gov.au/credit-cards/pay-off-your-credit-card`
“Paying more than the minimum repayment will help you pay off the debt sooner and reduce the amount of interest you pay. Choose a repayment amount that's manageable so you can keep making it each month.”

Moneysmart (ASIC)
`https://moneysmart.gov.au/credit-cards/pay-off-your-credit-card`
“Pay the required amount on or before that date to avoid late fees and other consequences of a missed payment.”

Moneysmart (ASIC)
`https://moneysmart.gov.au/credit-cards/pay-off-your-credit-card`
“You can then put any extra money towards: the highest-interest card to save more on interest, or the smallest balance if quicker progress will help keep you motivated.”

Investor.gov (US Securities and Exchange Commission)
`https://www.investor.gov/introduction-investing/investing-basics/save-and-invest/pay-credit-cards-or-other-high-interest`
“If you’ve got unpaid balances on several credit cards, you should first pay down the card that charges the highest rate. Pay as much as you can toward that debt each month until your balance is once again zero, while still paying the minimum on your other cards.”

Investor.gov (US Securities and Exchange Commission)
`https://www.investor.gov/introduction-investing/investing-basics/save-and-invest/pay-credit-cards-or-other-high-interest`
“No investment strategy pays off as well as, or with less risk than, eliminating high interest debt.”

Investor.gov (US Securities and Exchange Commission)
`https://www.investor.gov/introduction-investing/investing-basics/save-and-invest/pay-credit-cards-or-other-high-interest`
“Don’t use a credit card unless you know you’ll have the money to pay the bill when it arrives.”

Office of the Superintendent of Bankruptcy (Government of Canada)
`https://ised-isde.canada.ca/site/office-superintendent-bankruptcy/en/licensed-insolvency-trustees/insolvency-counselling-program/tips-managing-credit-and-debit`
“If you carry a balance on your credit card, this is likely the debt with the highest interest rate. Use cash or a debit card for purchases while you are paying your credit card to avoid taking on more debt.”

Office of the Superintendent of Bankruptcy (Government of Canada)
`https://ised-isde.canada.ca/site/office-superintendent-bankruptcy/en/licensed-insolvency-trustees/insolvency-counselling-program/tips-managing-credit-and-debit`
“Consider setting up automatic payments through your bank or credit union.”

Moneysmart (ASIC)
`https://moneysmart.gov.au/credit-cards/credit-card-balance-transfers`
“Transfer fees – You will be charged fees, including a one-off balance transfer fee, calculated as a percentage of the transferred amount.”

Moneysmart (ASIC)
`https://moneysmart.gov.au/credit-cards/credit-card-balance-transfers`
“If you don't pay off the card during the promotional period, you will be charged a higher interest rate on the balance.”

Moneysmart (ASIC)
`https://moneysmart.gov.au/credit-cards/credit-card-balance-transfers`
“If you're struggling with your credit card repayments, a balance transfer might not be right for you.”

Moneysmart (ASIC)
`https://moneysmart.gov.au/managing-debt/financial-hardship`
“Financial hardship assistance can be an arrangement with your lender to alter your repayments or set up a payment plan.”

Moneysmart (ASIC)
`https://moneysmart.gov.au/managing-debt/financial-hardship`
“The earlier you seek help, the more options you'll have.”

Moneysmart (ASIC)
`https://moneysmart.gov.au/managing-debt/financial-hardship`
“Call the National Debt Helpline on 1800 007 007 to talk to a financial counsellor.”

Financial Conduct Authority (UK)
`https://www.fca.org.uk/news/press-releases/debt-advice-warning-spot-red-flags`
“Free debt advice is available to everyone.”

Financial Conduct Authority (UK)
https://www.fca.org.uk/news/press-releases/debt-advice-warning-spot-red-flags
“Pressure tactics: Feeling hassled, or repeatedly contacted, particularly after an online enquiry or unexpected phone call, and being pressured to agree to a debt solution quickly over the phone or via WhatsApp, without time to properly consider their options.”

Financial Conduct Authority (UK)
https://www.fca.org.uk/news/press-releases/debt-advice-warning-spot-red-flags
“You can find information on how to get free, impartial debt advice on the MoneyHelper website.”

Office of the Texas Attorney General
https://texasattorneygeneral.gov/consumer-protection/financial-and-insurance-scams/debt-collection-and-relief/debt-relief-and-debt-relief-scams
“If the person/company offers to help get rid of your debt but first you have to pay them a fee, they're probably lying to you.”

Office of the Texas Attorney General
https://texasattorneygeneral.gov/consumer-protection/financial-and-insurance-scams/debt-collection-and-relief/debt-relief-and-debt-relief-scams
“Debt settlement means you stop paying your creditors altogether and, instead, save the monthly payments you were making in a savings account.”

Office of the Texas Attorney General
https://texasattorneygeneral.gov/consumer-protection/financial-and-insurance-scams/debt-collection-and-relief/debt-relief-and-debt-relief-scams
“Be careful before using a debt settlement company. Your credit will decline and you may be faced with extreme collection efforts.”

Consumer Financial Protection Bureau (US)
https://www.consumerfinance.gov/ask-cfpb/what-should-i-do-if-i-cant-pay-my-credit-card-bills-en-1697/
“If you can’t pay your credit card bill, it’s important to act right away. Contact your credit card company immediately.”

Consumer Financial Protection Bureau (US)
https://www.consumerfinance.gov/ask-cfpb/what-should-i-do-if-i-cant-pay-my-credit-card-bills-en-1697/
“Many card companies are willing to work with you to change your payment if you’re facing a financial emergency.”

Consumer Financial Protection Bureau (US)
https://www.consumerfinance.gov/ask-cfpb/if-i-pay-off-my-credit-card-balance-when-it-is-due-is-the-company-allowed-to-charge-me-interest-for-that-month-en-48/
“In general, once a credit card company starts to charge interest, it keeps charging interest until it receives your payment.”

This plan online	https://goaltodo.com/pay-off-a-card
Reach it with others on Welang	https://welang.com/goals/pay-off-a-card
Reach it on your own in HourLife	https://www.hourlife.com