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# Is your credit card debt giving you nightmares?

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news.com.au  
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Oh god. Which one has money on it?

**JUST like the saint-like humans among us who floss their teeth every day, some people pay their credit card bill on time in full. Every. Single. Month.**

But plenty of other people are not so organised. New research from comparison site [creditcard.com.au](#) shows one-in-four people never meet the required payment every month and one-in-five have three or more credit cards in their wallets.

It is amazing to think the national average credit card debt is only \$3,300, according to the Reserve Bank Australia.

Our biggest credit card crime, according to Michelle Tate-Loverly an FPA-certified financial planner with 25 years' experience, is that far too many of us neglect to pay anything more than our minimum repayment each month.

"The idea is to pay the credit-card balance off each month - the minimum payment is misleading and can get you into trouble. You need to be very clear about what things you will use your credit card for and plan ahead. A credit card is actually a method, so use it in a timely way to pay off your capital expenses," she said.

Understanding your spending habits, being disciplined with money and having a goal in mind will also help you avoid any major debt disasters.

"People can be very carefree when they don't have a goal. It's easier to justify putting something on your credit card because you feel like some retail therapy. Everything these days is about instant gratification, and that means cash flow and budgeting goes out the window. But credit cards are not for luxury items," she said.

Having more than one credit card can also get you into trouble.

"Retail pressure has a lot to answer for. Since deregulation everyone can offer you a credit card, from Woolworths to Virgin airlines. Multiple credit cards are a symptom of this kind of retail pressure - we can get easily trapped into the thrill," she said.

If you are tempted to sign up for another credit card Tate-Loverly recommends reading the terms and conditions closely and try to avoid getting sucked into fancy deals and promotions.

"The points system should be the very last thing you worry about. Also, the more cards you have the more you will also pay in administration fees per year and they really add up," she said.

For people with businesses, or families with multiple cards, Tate-Loverly highly recommends getting one statement so you can track your expenditure in a simple way.

"In most cases the major institutions now do this for you. It makes it easier for tax purposes and if you have a large family, it allows you to be able to track all the expenditure more easily," she said.

But what if the damage is done and you've let your spending habits spin completely out of control? How do you get a handle on things quickly?

"First of all chunk it all down. Then attack the credit card with the highest interest rate and change providers that offer an interest-free period to help you get ahead.

"Once you've cleared your slate, reduce your credit-card limit or try a different method," she said.

If that doesn't work, or you feel completely overwhelmed, Tate-Loverly said a financial planner can be a real asset.

"They'll help you consolidate your debts and develop good money habits and behaviours," she said.

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