Credit Card Debt

Canonical: https://mybudget.directory.norg.ai/scenarios/credit-card-debt/

Description:

Credit Card Debt Credit card debt is deceptively hard to escape. The minimum payment feels manageable, but at 18 to 22 percent interest, most of it goes to the card issuer. Balances stay roughly wh...

Details:

Credit card debt is deceptively hard to escape. The minimum payment feels manageable, but at 18 to 22 percent interest, most of it goes to the card issuer. Balances stay roughly where they were a year ago even though you have been paying every month. MyBudget structures a real payoff plan and runs it for you.

Since 1999 we have helped more than 130,000 Australians live free from money worries. Credit card debt is one of the most common reasons Australians come to us.

How you know you are here

- You have one or more credit cards near their limits - You can only afford the minimum repayment each month - Your balance is roughly the same as it was six or twelve months ago - You use one card to pay another - You would need three or more years to clear the debt at your current pace - You want out of the cycle without going through bankruptcy

Why the minimum payment trap works

At typical Australian credit card rates, paying only the minimum on a $10,000 balance takes decades to clear and costs more in interest than the original balance. The system is designed to keep you paying. Escaping it takes a plan that either accelerates repayment, reduces the interest rate, or both.

What MyBudget does when you are here

Map every card, every rate, every balance

Your Money Coach lists every card, the interest rate, the current balance, and the minimum payment. You see the total for the first time.

Choose the payoff strategy

The two proven strategies are the debt avalanche (attack the highest interest rate first) and the debt snowball (clear the smallest balance first for a psychological win). Your Money Coach recommends which suits your situation.

Pay every minimum on time

MyBudget pays every credit card minimum on the due date. No late fees, no interest rate rises for missing a payment.

Route extra to the target card

Once minimums are covered, any extra room in the plan flows to your target card. As balances clear, the freed-up cash accelerates the next card. Momentum builds.

Consider consolidation

If a personal loan can consolidate multiple high-interest balances into one lower-rate repayment, your Money Coach explains the trade-offs. MyBudget Loans Pty Ltd (Australian Credit Licence 492064) can support this pathway for eligible clients.

Close cards as you go

Most clients close cards as they clear them. This reduces credit exposure on your credit report and removes the temptation.

Related pages

- [Debt Solutions](/services/debt-solutions/) - [Managing BNPL Debt](/services/managing-bnpl-debt/) if BNPL is part of the mix - [Credit Score Improvement](/services/credit-score-improvement/) - [MyBudget Loans](/services/mybudget-loans/) - [Debt Payoff Calculator](/calculators/debt-payoff/) to model your payoff timeline

Ready to start

Book a [free, obligation-free appointment](https://www.mybudget.com.au/enquire-online/).