

## 29.8% of Iowans Have no Plan to Pay Off Holiday Debt

Written by Olivia Maiers  
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### *Five tips on paying down credit card debt acquired during the holidays*

Des Moines, Iowa – In the current economic climate, it's more important than ever to plan and adhere to a budget, spend responsibly and to set aside savings for unplanned expenses. The key to spending responsibly during the holidays is to not spend more than what you have earned or saved. In the coming weeks, consumers will be faced with paying off their credit card bills, and Iowa credit unions have suggestions to help them tackle their debt.

In a survey of 930 Iowa consumers conducted by the Iowa Credit Union League (ICUL), 36.2% of respondents said they saved throughout the year to pay off holiday debt, and 29.8% said they have no firm plan in place to pay off newly-acquired debt.

"It is not uncommon to spend more than you planned during the holidays, and much of what you spend ends up on your credit card," said Emily Caropreso, Director of Communications & Marketing. "If you don't have a plan to pay off your balance, now is the time to create one. Doing so will save you money along the way."

ICUL suggests the following to pay off holiday credit card debt:

- **Pay it all off at once.** If you can get away with moving money from savings to pay off your credit card in full, it is recommended. This will help you avoid interest charges on your

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purchases, and end your monthly payment. It will also positively impact your credit score, saving you more money down the road.

- **Pay it off in monthly installments.** If paying the full balance isn't possible, create a monthly payment plan you can afford. More than 13% of Iowans indicate they will pay off their debt in one or two months, 8.9% in three to six months. Creating a payment plan will save you hundreds, possibly thousands, in interest charges compared to if you only pay the minimum.

- **Use your tax refund.** Nearly 6% of Iowans plan to use a refund check from the Internal Revenue Service to pay off their holiday debt. While it is never smart to count on a tax refund, if you have one coming your way, paying down holiday debt is a smart investment. Otherwise, use your refund to replenish your savings, start a rainy day fund, or shop early for the upcoming holiday season.

- **Find a card with a lower rate.** Incentive-based credit cards attract many consumers, but they usually come with a higher interest rate and/or an annual fee. If you find yourself struggling to pay down the balance, consider shopping for a card with a lower rate. Check out a local credit union ( [www.IowaCreditUnions.com](http://www.IowaCreditUnions.com) ), which typically offers no-frills credit cards at substantially lower rates.

- **Enroll in a holiday savings account.** It may not help paying down existing debt, but to avoid future debt, start saving for the 2013 holiday season now. Set-up a payroll deduction of \$25 a month in January, and you will have \$250 saved up by Nov. 1. Most credit unions offer holiday savings accounts.

*The Iowa Credit Union League is the trade association that represents the interests of Iowa credit unions and their nearly one million members. Credit unions are not-for-profit, financial cooperatives owned and operated by their members. Iowans use their credit union membership to receive higher interest rates on savings and lower interest rates on loans. For more information on ICUL and Iowa credit unions, visit [www.IowaCreditUnions.com](http://www.IowaCreditUnions.com) . Follow ICUL on Twitter at [www.twitter.com/icul](http://www.twitter.com/icul) or on Facebook at [www.facebook.com/iowacreditunions](http://www.facebook.com/iowacreditunions)*

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