Sam's Economics

Get out of credit card debt: pick one number

Why the minimum payment keeps you in debt, how a fixed payment gets you out, avalanche vs snowball, and a script for calling your card company.

SAME $8,000, SAME FIRST BILL

23 years vs 4 years 10 months

At 22%, paying only the minimum takes 277 payments and costs $13,600 in interest. Keeping the first minimum, $227, every month clears it in 58 months for $4,980: $8,620 saved.

1. How the minimum works

Most large issuers set the minimum at **1% of the balance plus that month's interest**, with a floor of about $25. On $8,000 at 22%, the first month's interest is $146.67 and 1% of the balance is $80, so the minimum is $226.67, and only $80 of it reduces the debt. As the balance falls, the minimum falls too, so only about 1% of the debt disappears each month.

> **Your statement already shows this.** US card statements carry a **Minimum Payment Warning**: how many months the minimum would take, the total you'd pay, and the monthly payment that clears the balance in 3 years. Your card's figures may differ from this guide's; theirs come from your card's own formula.

2. Three ways to pay the same $8,000 at 22%

PLAN	MONTHLY PAYMENT	TIME TO PAY OFF	INTEREST
Minimum only (Maya)	$227, falling every month	23 years, 1 month	$13,600
Freeze the first minimum (Marcus)	$227, fixed	58 months	**$4,980**
The 3-year payment	$306, fixed	36 months	**$2,992**

The minimum after one year: about $201; after five years: about $125. No new charges or fees; interest monthly at 22% ÷ 12.

3. Several cards: avalanche or snowball?

Pay the minimum on every card, then put every extra dollar on one card. When it's paid off, roll its payment to the next. Priya's $8,000 on three cards, $306 a month in total:

CARD	BALANCE	APR
Card A	$1,200	18%
Store card	$2,800	29%
Card C	$4,000	22%

METHOD	ORDER	DEBT-FREE	INTEREST	FIRST CARD GONE
Avalanche	Highest rate first	37 months	**$3,149**	month 21
Snowball	Smallest balance first	38 months	$3,436	**month 13**

The avalanche saves $287. Freezing the payment saved Marcus $8,620 compared with Maya, about 30 times more. **The amount you pay matters far more than the order.** Choose the snowball if an early win keeps you going.

4. Stop the bleeding

1. **Stop adding.** Take the cards you're paying off out of your wallet and off your phone.
2. **Ask for a lower rate.** It costs nothing (script below).
3. **Balance transfer, carefully.** A 0% introductory card can help if your credit is good. Count the transfer fee (usually 3% to 5%) and know the exact date the rate jumps; plan to clear the balance before it.
4. **Falling behind?** A nonprofit credit counseling agency can set up a debt management plan, often at a lower rate.
5. **Never miss a minimum.** A missed payment can bring a late fee, a penalty rate near 30% and a hit to your credit score.

5. Script: calling your card company

> "Hi, I've been a customer since [year] and I'm working to pay off my balance of $[amount]. My current rate is [rate]%. I'd like to ask for a lower interest rate to help me pay it down faster. Is there a lower rate, or a hardship or payment program, you can offer me?"
>
> If the answer is no: "Thank you. Could you note my request on the account, and tell me when I could ask again?"

6. Checklist

- [ ] I read the Minimum Payment Warning box on my latest statement.
- [ ] I stopped adding new charges to the cards I'm paying off.
- [ ] I picked a fixed monthly payment, at least this month's minimum, and I won't let it go down.
- [ ] Several cards: minimums on all, every extra dollar on one card (highest rate saves most; smallest balance gives the earliest win).
- [ ] I called my card company and asked for a lower rate.

7. My payoff worksheet

CARD	BALANCE	APR	THIS MONTH'S MINIMUM	ORDER (1, 2, 3...)
Total				

My fixed total monthly payment: $_____ Start date: _____ Target debt-free date: _____

Questions for a nonprofit credit counselor

1. Can my card companies lower my rates through a debt management plan, and what does the plan cost each month?
2. Will my cards be closed, and how will the plan affect my credit score?
3. Is a balance transfer or a consolidation loan cheaper for me, after fees?
4. What should I do first if I can't cover all my minimums this month?

Assumptions: interest charged monthly at the APR ÷ 12, rounded to the cent; minimum = 1% of the balance + interest with a $25 floor; no new charges, fees or rate changes. 22% is close to the average rate on US cards that charge interest (Federal Reserve G.19, accounts assessed interest, 22.36% in August 2026). Sources: Federal Reserve G.19 via FRED; 15 U.S.C. §1637(b)(11) (Minimum Payment Warning); issuer minimum-payment methods as summarized by the CFPB and NerdWallet. Figures are illustrations rounded to the dollar.

General information, not financial advice. Card formulas and rates differ; your statement shows your card's own figures. If you're struggling to keep up, contact a nonprofit credit counseling agency. Free calculator: aitaconsultinginternational.com · YouTube: @samseconomics