

Maxed Out

I Shopped 'Til I Dropped...Into Debt

By Xavier

My debt problems started when I went to college and got my first credit card. I was 17 years old and I was still living in a group home. Like other college freshman, I was bombarded with credit card applications in the mail.

So I applied, not for one credit card, but for three. As luck would have it, I got approved for all three credit cards.

As soon as my credit cards arrived in the mail, I headed off to shop. At that time I was going through an Adidas phase. With my credit card, I bought a whole lot of Adidas stuff as well as CDs, a radio and video games. It was amazing. I didn't have to have the money to buy these things, but whatever I wanted was mine.

How Can I Pay Them?

When the bills came in, I paid the minimum amount due, which wasn't more than \$25 per card. I thought that as long as I paid this minimum amount each month I would be fine. I didn't know then how credit cards worked. Credit cards charge interest—they take a percentage of the money you owe and add that to the next month's bill.

For instance, say you owe \$400. Even if you pay the minimum amount due and don't use the credit card to buy anything else, the next month you will owe more than \$400. Believe it or not, it might not be long before the \$400 turns into \$800.

My bills skyrocketed. Soon I owed \$1,800.

At first I wanted to be responsible so I paid what I could afford. After a while, though, I started to feel like I was trying to climb out of a deep hole, but the more I tried, the more slippery it became. I began to miss payments. Then late fees were added to my bills, which cost a lot—up to \$25 a month!

Plus, because I had allowed the late charges and penalties to pile up, I was way over my credit limit. So I was also now paying an over-the-limit-fee of \$25 each month.

I Stopped Trying

I reached a point where I thought there was no way I could pay my credit cards back. So I went from making late payments to making no payments at all. I hoped that somehow they would all just disappear.

But they never did.

I got letter after letter telling me that if I did not pay them back it would affect my credit rating. This meant they would write up a report saying I was not good at paying back loans.

I grew concerned. When I left foster care, I wanted to have my own apartment. I knew that in order to have this, I had to have good credit. No landlord wants a tenant who doesn't repay his debts. The only way I was going to be able to repair my credit was to pay the bills that I ignored for so long.

By then, I owed \$2,100. I began paying as much as I could—which was about \$50 per card—but no matter how much I paid, it didn't make a dent in my debt.

Finally I heard about a debt management agency that would work with my creditors to give me lower interest rates for the amounts I owed. This would make it easier to keep up with my debt, and would also help stop the annoying letters and phone calls that I was getting about my bills, as long as I paid the lower rates reliably. This would last for a couple of years, or until I paid off all the bills.

Trying to Break Free

Five years later, I am still paying off the credit cards. Right now I owe about \$1,000. I have cut up all my cards except for one, which I keep just in case I have an emergency.

It's a burden to have to pay back my debt, especially since I now live on my own. After I get done paying the rent, utilities, phone bill, cable, food, transportation, credit cards and other bills, I barely have \$50 left to myself.

Now I truly resent credit cards. I see them as a trap, laced with everything your heart desires (or that your credit limit allows). And just to think, I don't even wear Adidas anymore.