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Folks around the world make promises to themselves and loved ones about how they plan to change their lives for the better. That's why the gym always seems so crowded in January, while the job market gets flooded with new applicants ...

Top 5 Financial Resolutions for 2015:

1. Escape Credit Card Debt
2. Build Excellent Credit
3. Improve Your Child's Financial Literacy
4. Start a Rainy Day Fund
5. Improve Your Health

New Year's Resolutions aren't limited to one's physical health and career prospects, however. Financial well-being is a common theme as well, with people often pledging to finally pay off their debt and/or do a better job of budgeting.

With that in mind, [CardHub](#) came up with 5 Resolutions for Your Finances in 2015. Committing to these changes – some of which might surprise you – will help improve your financial situation in the short-term and keep you out of trouble moving forward. Don't worry if you've had problems adhering to resolutions in the past either; we've provided a roadmap of sorts to ensure that you don't get lost along the path from resolution to end result. Good luck!

Escape Credit Card Debt

Rationale: After displaying relative improvement in years past, U.S. consumers are once again racking up credit card debt at a record pace. Not only are we on pace to incur at least \$60 billion in credit card debt during 2014 alone – which would represent an increase of at least 55% relative to 2013 – but CardHub is also projecting that 2015 will see a \$60+ billion build-up.

Given how corrosive credit card interest is to investing and retirement planning as

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thereby preventing your balances from growing and enabling you to focus on paying down what you already owe. To do that, you'll likely have to rethink your definition of a necessity (hint: a flatscreen TV isn't one). We recommend ranking your common monthly expenses in order of importance and eliminating those that you care least about until your expenses are significantly less than your monthly take-home.

- *Adhere to the Island Approach:* You can minimize interest and get the best possible collection of rates and rewards by isolating different types of expenses on individual credit cards, as if they are desert islands. For example, you should carry any debt you have on one card while using a different card to make everyday purchases (which you should always pay for in full within the respective billing period). If you're charged interest on the card you've designated for everyday use, you'll know that you need to cut back. You can [use a credit card calculator](#) to identify the best credit cards for each of your unique needs.
- *Focus on High-Interest Debt:* If you have a few different balances, attribute the majority of your monthly debt payment to the balance with the highest interest rate while only putting the minimum required to stay current toward your other balances. As you systematically eliminate your most expensive debt, the money you have available for other balances and, eventually, pursuits such as saving for college and retirement will increase like a snowball rolling down a hill.

Ask The Expert: Jason S. Seligman – Assistant Professor, John Glenn School of Public Affairs, The Ohio State University

“The last few months have signaled better prospects for workers in terms of both employment, and more recently wages – so this would reduce concerns a bit more this year than in, say the previous few.

That noted, the best way to stay out of debt is to anticipate and budget for expenses.

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[Read more on how to build excellent credit in 2015.](#)

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