



CREDIT CARD TIPS

Properly managing a credit card is a big responsibility. Credit cards can help establish and improve your credit score if they're used properly. They can also damage your credit score and get you into serious debt if you don't know what you're doing. Use the tips below to make sound financial decisions.

1. Shop around

Select a card that has the lowest interest rate and fee structure, and be sure to read the fine print. You'll also need to know about late charges, other fees, and grace periods. Make sure you know the card's Annual Percentage Rate (APR) and how it's calculated. Shop around for the best deal and be wary of card offers that seem too good to be true.

2. Limit the number of cards you have

One credit card should be sufficient. Applying for lots of credit at any given time can hurt your credit score and possibly make you a high credit risk. This can affect your ability to get loans or to rent an apartment. In addition, closing several credit cards at once will trigger a decrease in your overall credit score.

3. Set your minimum balance low

This helps you control your spending habits. Spending up to your credit limit—or maxing out your credit card(s)—suggests you could be a credit risk since you might be likely to overspend.

4. Pay off your balance each month

This takes discipline, and it saves you money in the long run. If you can't pay off the entire balance on all of your credit cards, pay off your higher interest rate cards first and always pay off more than the minimum balance.

5. Avoid late payments

Late payments are bad for your credit, and a credit card company could use a single late payment as justification for raising your interest rate going forward. This could cost you hundreds—or even thousands—of dollars over time.

6. Review your monthly statement

Save your receipts so you can carefully compare the charges on your credit card receipts with your records to ensure an accurate monthly statement.

7. Balance wants vs. needs

If you've had problems with impulse spending, don't carry all your credit cards with you. Consider carrying a single card for emergencies only. It also helps to think in terms of wants vs. needs when it comes to spending money with your credit card. By resisting the temptation to spend impulsively with credit cards, you can maintain a healthy credit score with little risk of getting in over your head.

8. Reconsider large purchases

If you are considering putting a large purchase on your credit card, put yourself through a waiting period before you actually make the purchase. Remember, a large purchase will need to be paid off sooner or later, and you want to make sure you're paying the least amount of interest on your credit card(s) as possible.

9. Resist cash advances

Beware—the cash looks attractive, but interest accrues from the moment you accept the cash, and you will also be assessed transaction fees. This means a quick \$20 withdrawal from an ATM by using your credit card could easily cost you \$30 or more.

REMEMBER: You'll lead a much happier life if you take control of your spending, instead of letting your spending take control of you.

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