

Tips for Using Credit Cards

If you choose to use a credit card, here are some tips to help you use it wisely:

- Use only one or two cards.
- If you are just starting out, consider using a secured credit card to impose some self-restraint. Using a secured credit card requires you to put money in your account in advance and only draw on what is in your account with your credit card.
- Keep track of what you charge just as you would a checking account. That way, you won't be shocked when the statement arrives.
- Use cards only for essential needs.
- Save for big-ticket items instead of putting them on a card. If you must borrow for that item, there are less expensive loans from banks and credit unions that may be available.
- Pay credit card bills as soon as they arrive. This lowers the average daily balance on which interest is charged and avoids late payment fees.
- Always pay more than the minimum balance due. If at all possible, pay off the balance each month. If you develop the habit of paying the balance each month, be sure your card is one that doesn't charge interest as long as the balance is paid in full by the due date.
- If the balance begins to mount, quit using the card for a while.
- If the balance continues to mount, leave the card at home.
- If the balance still continues to mount, call the credit card company and request to have the credit limit lowered.
- Use a low-interest-rate card, with either a low annual fee or no annual fee. Shop around using the Internet or offers sent to you in the mail. Rates vary widely. (Retail cards issued by department stores tend to charge the highest interest rates.)
- Be wary of cards that offer extremely low interest rates "for a limited time." All too soon, the time is over, and the new interest rate being charged may be well above average.