

CREDIT CARDS WHAT YOU DON'T KNOW CAN HURT YOU

You don't have to fall for credit card companies' gimmicks.

While you may think you can resist the temptation of a credit card, many of your peers apparently can't. A student age 18 or older with no income can get a credit card without a parent's signature—and more than a handful do.

Used responsibly, credit cards can be helpful in an emergency and for establishing a credit history. Here are some tips on using credit wisely.

BE AWARE OF TEASER RATES

Credit card companies sometimes offer low introductory interest rates to attract new customers. These rates typically last for only a few months and then jump as high as 20 percent, so it's important that you carefully compare offers from several different issuers before selecting a card.

STICK WITH ONE CREDIT CARD

Just because it's easy to apply for multiple cards doesn't mean you should. This is especially tempting when department stores offer you discounts on purchases if you apply for a credit card. It's easier to manage one credit card and paying off only one bill at the end of the month. Besides, just applying for multiple credit cards can hurt your credit rating. Also, using one credit card to pay off another is a dangerous practice that should be avoided.

PAY IN FULL EVERY MONTH

Get in the habit of paying the balance in full each month, which means don't charge more than you can pay off at the end of the month.

PAY ON TIME

Send the credit card payment several days in advance of the due date to allow for mailing time. Late penal-

ties are costly and some companies will increase the interest rate after one or two overdue payments.

AVOID CASH ADVANCES

Be aware that the interest rate on cash advances can be much higher than the rates charged on purchases.

PROTECT YOUR CREDIT HISTORY

As soon as you start using a card, the payments—whether paid on time, late or not at all—become part of your credit history. A poor credit history can affect your ability to rent an apartment, get a job, or buy a car or house. What's more, the mark stays on your credit record even if the bill is later paid.

DON'T EXCEED THE CREDIT LIMIT

This helps avoid penalties and ensures that you will have credit available in the event of a true emergency. A \$2,000 credit limit doesn't mean you can afford to carry a \$2,000 balance.

REVIEW STATEMENTS CAREFULLY

Immediately inform the credit card company of any discrepancies or errors on your monthly statement.

REPORT A LOST OR STOLEN CARD IMMEDIATELY

Keep a copy of your credit card account number and the financial institution's name and customer service telephone number in a convenient place in case your card is lost or stolen.

PROTECT PERSONAL INFORMATION

Never provide your credit card number unless making a telephone, mail order or online purchase. Also, don't let anyone else use your credit card and don't charge purchases for other people.

Learning how to use credit wisely now will help you avoid serious credit problems later. ⑤

