

Credit Card

Do's



Don'ts



The American household maintains an average of **\$15,210** in credit card debt. With the average credit card interest rate at **16.46%**, that means the typical family is paying more than **\$2,500** in interest per year.

Don't panic! Check out these simple **Credit Card Do's and Don'ts** to help you stay on track.

Make a budget for your credit card use



Overspending on credit cards can have long-term effects due to high-interest rates, and swiping your card for every purchase can be way too tempting. Make sure you have a budget for exactly how much to put on your credit card each month.

Read through the terms & fine print

Credit card companies are notorious for hitting their customers with hidden fees or rate increases. Before applying for a card, read through the extensive terms and conditions to make sure you're getting the best deal.



Review your statement monthly



Don't take the benefits and ease of using credit cards for granted. Identity theft, surprise interest rate hikes, and unauthorized charges are just a few of the many reasons you should review your statements regularly.

Stick to the 30% utilization rule

Part of your credit score is determined by how much debt you have, and keeping your total utilization rate at 30% or below has a positive impact on your score. Plus, doing so makes it easier to manage and payoff lower balances.



Try to negotiate a lower interest rate



Interest charges cause the most financial damage when it comes to credit cards. Try asking for a lower rate, especially if your current rate is higher than other offers you've received.



Choose a due date that aligns with your cash flow

Make sure your credit card due date aligns with your cash flow. Every month, your creditors send a report of your current balance to the three major credit bureaus. If this happens on a day your balance runs high, it could negatively impact your score. See if you can change your due date online or call your credit card's customer service department.



Use your card strategically

Credit cards help you build credit history so you're able to take out loans and qualify for lower interest rates. If you're using a rewards credit card, make sure you know exactly how those benefits work so you can spend wisely and get the most out of them.



Don't pay late



35% of your credit score is determined by payment history. Missing payments or paying late drastically lowers your score. Make your payments on time and if you have to pay late, call your creditor. You will still be charged a late fee, but your credit score will be safe.

Don't carry a balance

Carrying a balance will not only affect your credit score, but also leave you with high interest charges. Do your best to pay your bill in full every month.



Don't make just the minimum payment



Making only the minimum payments each month means it will take you longer to pay down your balance, plus you'll accrue more interest, making the total amount paid way higher.

Don't close your oldest card

Part of your credit score is also determined by how far back your credit history goes. Even if you're no longer using the first credit card you ever got and the balance is paid off in full, closing it could negatively impact your score.



Don't spend more than you can afford



If you are constantly putting more on a credit card than you can pay off each month, you will rack up interest charges and accrue more debt that can snowball out of control and – as you can probably guess – can affect your credit score.

Don't forget to check your credit history

Your credit score is an important part of your financial life. Check your credit score at least annually from all three bureaus (Experian, Equifax, and TransUnion) to ensure there are no discrepancies or errors on your report.



Don't use for everyday purchases



Using your credit card as a substitute for cash can create dangerous habits. Unless you have a budget and know you can pay off your balance, try to avoid using a credit card for all of your purchases.

Source: NerdWallet 2018 American Household Credit Card Debt Study

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