

# 10 Tips for Managing Your Credit



Let's explore ten good ways to manage and improve your credit standing. Use this advice to maintain financial fitness and to stay in control of your financial destiny.

## **Tip #1: Live within your means.**

This may sound obvious, but it's extremely important, because living within your means will keep you from having to resort to credit.

## **Tip # 2: Pay your bills on time.**

Every time you pay a bill on time, you build your credit history and put yourself in a better position to obtain credit at lower rates in the future. Pay late and not only will you be faced with fees, but you'll also be hurting your credit standing.

## **Tip #3: Pay more than the minimum.**

Say you have a \$2,000 balance, and your minimum monthly payment is about \$40. At an 18% interest rate, you'll end up paying nearly \$5,000 and it will take more than 30 years! The minimum payment covers mainly just the interest, so the outstanding balance still remains, against which you will be charged interest in the next payment.

## **Tip #4: Avoid credit card add-on programs.**

Many credit card companies offer various services and products to their card holders, like card registration services, insurance, and card loss/theft protection. Most cost money and are unnecessary for the typical consumer.

## **Tip #5: Don't chase lower rates by transferring balances.**

This is a tricky process that involves fees, penalties, and other "catches" and usually ends up costing more than it saves. Balance transfer offers almost always have a low teaser rate that isn't fixed, which usually jumps much higher when the introductory period expires. Plus, there are often fees from both banks involved, meaning you pay twice.

**Tip #6: Know the terms of your credit agreement.**

If you don't, you'll pay more than you should in penalties. For example, some cards charge a penalty of 32% for making three late payments within six months, and will increase your interest rate for making two late payments in a year. Some charge an inactivity fee of \$15 or more for not using an account within a six-month period. Read the fine print!

**Tip #7: Pay off accounts with the highest interest rates first.**

When you pay your credit card balance, it's like getting an instant return on your money. So if you have two cards, one with an interest rate of 18% and one with a rate of 24%, and you pay the 24% balance first, you're instantly making an extra 6% on your money!

**Tip #8: Don't open new credit too soon.**

Don't be surprised if you get multiple offers for new credit. Banks know you may be more likely to "bite" and they want to "hook" you. Shred and throw them away!

**Tip #9: Monitor your statements.**

Credit counseling agencies do not receive copies of your creditor statements, so it is up to you to monitor them and report any problems or discrepancies to them immediately.

**Tip #10: Monitor your credit reports.**

At least once a year, you should get copies of your credit reports and review them for errors. It's your responsibility and you can get them free at [AnnualCreditReport.com](http://AnnualCreditReport.com).



**Visit us on the web at [www.ManagedCreditServices.com](http://www.ManagedCreditServices.com)**