Credit Card

Do's & Don'ts

The american household maintains an average of **$15,310** in credit card debt. With the average credit card interest rate at **14.9%** that means the typical family is paying more than **$2,000** 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

Don't take for granted that everything runs smoothly with credit cards, despite how easy they are to use. Identity theft, surprise interest rate hikes, or unauthorized charges are just a few reasons you should review your statements regularly.

Review your statement monthly

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.

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 will have positive impact on this. Plus, it's easier to manage and payoff lower balances.

Try to negotiate a lower interest rate

Interest charges are really what will hurt you when it comes to credit cards. Try asking for a lower rate, especially if your current rate is higher than other offers you receive.

Choose a due date that aligns with your cash flow

Pick a date that aligns with your cash flow. Every month your creditors send a report of your current balance to the 3 major credit bureaus. If this happens at a day your balance runs high, it could negatively impact your score.

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 sure you're on time and if you have to pay late, call your creditor and let them know.

Don't carry a balance

Carrying a balance will not only affect your credit score, but it means you will get hit with interest charges. Do your best to pay off your bill 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 that month, you will rack up interest charges and accrue debt, which can be difficult to pay off and – as you can probably guess – will 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 make sure 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.

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