

TEN WORST CREDIT CARD MISTAKES



Used properly, credit cards offer significant safety and convenience benefits. But mistakes with your credit can cost you dearly – in time and money and in terms of your credit rating. To help you avoid costly credit card errors, the following article highlights some of the

most common credit card mistakes and how to avoid them.

1. Not shopping around for the best interest rate.

Credit card rates and terms vary greatly. Financial publications and the Internet are good sources to find the best credit card options. If you already have a major credit card, discuss rates with your card issuer. In many instances, customers in good standing can negotiate lower rates.

2. Choosing a card for the wrong reasons.

Some credit card holders choose a card to earn free airline miles or cash rebates – without regard to the card’s annual fee or interest rate. In the end, they may end up paying more in fees and interest than the value of the benefits they receive. Mileage and rebate cards might make sense for those who pay their balance in full each month, but if you don’t, there’s a good chance you’re better off with a no-fee, low interest rate card.

3. Being misled by introductory rates.

Watch out for credit cards with low initial “teaser” rates that increase significantly after a few months.

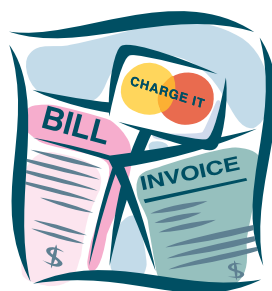
Be aware, too, that sometimes the low initial rate applies only to balances you transfer from an existing card – and not to new purchases.

4. Not reading the small print.

Before you sign up, be sure you know the card’s interest rate and how it is calculated, the grace period, fee schedule, and other terms. Once your card is activated, your credit card company is obligated to notify you of any changes in the terms of your account. Be sure to carefully read this information. If you don’t like the terms, look for a new lender.

5. Paying just the minimum payment due.

When you pay just the minimum amount due on your credit card, you’re stretching out the repayment period and adding to your overall interest cost. Each month, you should allocate as much as you possibly can to more quickly pay down your credit card debt.



6. Taking cash advances.

Plan ahead and avoid using your credit card for quick cash at a cash machine. Cash advances often come with high service fees and higher interest rates. To make matters worse, your payments may be applied first to your lower-interest balance.

7. Being late with payments.

Credit card companies charge a late fee – which could be as high as \$30 – even if you’re just one day late. To be sure your payment arrives on time, mail it at least 10 days in advance. Some issuers allow you to make last-minute credit card payments by phone or via overnight delivery service. You’ll pay a fee, but it’s likely to be considerably less than a late payment fee.

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CREDIT CARD MISTAKES *(continued)*

8. Having too many credit cards.

There's little reason to have more than two national credit cards. If you have credit cards you no longer use, contact the issuer and arrange to close the account. Too many open credit cards – even if they have zero balances – may cause a lender evaluating your mortgage or other loan application to question what would happen if you ran up balances on all of them.

9. Not checking your monthly statement.

If you spot a problem, immediately notify your card issuer by phone and follow up with written correspondence. Be sure to send your note to the address for billing complaints (which may be different from the address to which you send your payments).

10. Not valuing your credit.

A good credit rating is essential. Make every effort to keep your credit record clean.

Perhaps the biggest mistake people make is waiting too long to seek help if you are deeply in debt. If you need advice about managing your credit card debt, consult a financial expert for help.

(This article is provided as a public service by the Kansas Society of CPAs and Kansas State Treasurer Lynn Jenkins, CPA. Reprinted by permission from MoneyWISE, July 2005)



Don't Get Hooked by a Phishing Attack

If you have internet access, you may be under attack – a phishing attack, that is. This high-tech scam involves three components:

■ **Spoofting:** creating a replica of an existing website.

- **Spamming:** unsolicited, or 'junk,' email.
- **Phishing:** the act of using spoofing and spamming to lure unsuspecting victims, hoping to deceive you into disclosing your Social Security number, credit card or checking account numbers, passwords, or other sensitive information.

(Reprinted by permission from the editor, Medical Community Credit Union Newsletter, Fall, 2004)

**For further information
or assistance, remember
you may call the
ACCESS EAP at
946-5060 or 1-800-999-7895.**

1. If you get a pop-up or email message requesting personal or financial information, don't reply or click on the link in the message. Legitimate companies won't ask for this information.
2. Be cautious about opening attachments or downloading files from email messages.
3. Never send personal information via email. Look for a closed padlock at the bottom of your browser window, or a URL that begins with 'https' - the 's' stands for secure. However, some phishers forge these security icons.
4. Review statements for accuracy as you receive them. If they're late, call the company to confirm billing address and balance.
5. Use antivirus software and keep it up-to-date. Run a firewall, particularly if you have a broadband connection. Take advantage of free software 'patches.'
6. Report suspicious activity to the FTC at www.ftc.gov, and forward suspicious messages to spam@uce.gov.