

# 6 Things Every Credit Card Owner Should Know

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Credit cards make purchases and paying your bills easier. Using a credit card is also a good way to boost your credit score. However, ***failing to properly manage your credit cards can lead to a lot of unnecessary expenses.***

If you're tempted to buy things you can't really afford just because you can charge them on your cards, it will benefit you to leave them at home when you go shopping. When you have an emergency, rely on an emergency fund to avoid charging unplanned expenses on your cards.

Selecting a credit card that's right for you is also important. This can be difficult, since the cards you qualify for are limited by your credit score. ***Compare credit lines, APR, and other fees to figure out which card will work the best for your circumstances.***

**Follow these tips to avoid spending a lot on fees and interest while boosting your credit score:**

- 1. Pay your bill on time, and pay more than the minimum.** Not only will you avoid late fees with this strategy, but you'll also pay off your balance quicker, thus saving money on interest, too.
  - For example, if you have a \$500 balance on a card with a 15% APR, you would end up paying \$595 over two years if you make the minimum payments of \$20/month.
  - However, if you make payments of \$50/month instead of the \$20 minimum payment, you would end up spending a total of \$528 to pay off your balance in a little less than a year.
  - ***Be consistent with your payments.*** Missing a payment or paying less than

the minimum will negatively impact your credit score.

**2. Keep your balance as low as possible.** Your credit score goes up if you keep your balance relatively low compared to your available credit line. ***Ideally, your balance should be less than 30% of your available credit line.***

- Avoid maxing out your credit card or making large purchases unless you plan on making a significantly larger payment to cover these expenses.
- Consider applying for a credit line increase if you cannot pay off enough on your card to stay around the 30% mark.

**3. Read the fine print on rewards cards.** Credit card providers typically charge higher APRs and fees to compensate for the cash back and other rewards.

- ***The best strategy for using a credit card with rewards is to make enough purchases to qualify for the rewards, but then pay off your balance in full every month to avoid paying interest.***

**4. Keep it simple.** Owning too many credit cards can make managing your accounts difficult. You'll be more likely to miss a payment.

**5. Be careful with balance transfers.** This can sound like a good option if you qualify for a credit card with lower fees and APR. However, ***most credit card companies will charge you a transfer fee***, which is usually a percentage of the debt you are transferring. Paying 3% of the amount you're transferring to get a slightly lower APR might not save you money.

**6. Avoid cash advances on your credit cards.** A cash advance can be a tempting option because this cash is very easy to get, but you'll have to pay a fee and will have to make larger monthly payments to compensate for this charge. Cash advances often have a higher rate of interest as well.

These tips will help you stay on the right track with your credit cards.

Keep in mind that you can easily avoid fees and spend less on interest by being responsible and planning your expenses and payments in advance.

***Shop around for a better credit card every two years or so.*** You will qualify for better products as your credit score improves from following these strategies.