



## 4 Common Credit Card Mistakes & How to Avoid Them

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Credit cards make buying the stuff we want and need easy and convenient, and can bail us out of a jam, especially if our emergency funds aren't quite up to the task. Unfortunately, that convenience can open us up to a variety of dangerous financial mistakes, some with long-term effects, if we don't manage our cards well. As the saying says, 'with great power comes great responsibility.'

**You probably already understand the dangers of running up your credit card balances, but here are 4 common mistakes you may be making, plus some tips on how to avoid them.**

#### **1) Late payments**

Unlike many utility companies that give you a grace period on your payments, most credit card companies want balances paid on the due date. Some card carriers charge significant fees for not making the payment on time. To avoid this, sign up for automatic payments.

This way, the money will be directly transferred from your account on the due date, without you having to think about it.

If you carry a credit union credit card, be sure to contact us if you think your payment will be late. In

some circumstances we can work with you and avoid a late fee.

## **2) Stacks of store cards**

Retail employees can do an impressive job of convincing you to sign up for a store credit card. However it's important to think it through before you add more plastic to your purse. If you already have debt you're working to pay off, adding another card to your hefty pile may not be a great idea. Instead, pay off low balance cards first and shred them - not only will it give you a sense of accomplishment and build momentum to pay off more debt, but that will be one less card to tempt you.

## **3) Minimum due**

It can be easy to look at the minimum payment due on your statement and pay just that amount. After all, a payment has to be made monthly, so why not pay the lowest amount allowed? Paying only the minimum due will stretch out your balance for months - if not years - and you'll end up paying a great deal more for all those items you charged.

## **4) Clueless on credit score**

Until you know more about your credit, you won't know specifically which credit cards are right for you. Your score, among other things, will determine how likely you are to pay your bills, and what interest rate you will be given. Before spontaneously signing up for a card, do your research and find out the best one for your lifestyle and finances.

Remember, by law, you are entitled to receive one free copy of your credit report annually from each of the three credit reporting agencies (Experian, Equifax and TransUnion). Simply visit [www.annualcreditreport.com](http://www.annualcreditreport.com), scroll down and click on "Request your free credit reports," and follow the instructions.

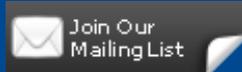
Although your report won't include your credit score, it will give you an opportunity to check for inaccuracies or inconsistencies. Contact the credit union if you have any questions or problems.

Source: [www.cuinsight.com](http://www.cuinsight.com)

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