

Module 6 - Credit Basics

HANDOUT 6-4

Managing credit

- Only use as much credit as you can afford to pay back
- Do not treat credit like free money – it can be very expensive money
- Shop around for the lowest interest rate
- Understand your agreement. Make sure you know the payment deadlines and the penalties for late payments
- Avoid “maxing-out” or using all your available credit
- Figure out the total price you are paying when you use credit. How much will it cost with interest?
- Read your credit card statements. Make sure the charges and purchases listed are correct. If they are not correct, call your credit card company right away
- Mark your payment deadlines on a calendar. Allow a few days for processing time before the due dates
- Pay your full balance by the due date every month if you can
- Do not miss payments. If you cannot pay the full amount, always make at least the minimum payment
- Tell your creditor if you cannot make a payment on time. Many lenders will be willing to help you manage your payments if you ask them
- Use pre-authorized payments if possible. These are automatic payments that go to paying off your loan.