



Homeowner's HOPE Hotline Guide to Saving Money

10 Tips on How to Manage Your Credit Cards

Did you know that in most cases, it takes seven years for accurate, negative information to be deleted from a credit report?

Credit card use allows significant freedom and flexibility in managing finances. But with financial freedom comes responsibility. As consumers, it is important to take the time to understand the terms of credit cards, their use and their impact on your overall credit score.

The **Homeownership Preservation Foundation**, known for the **Homeowner's HOPE™ Hotline** (1-888-995-HOPE), has prepared the *Homeowner's HOPE Hotline Guide to Saving Money*, a series of tips to help lower your monthly bills to help stay current with your mortgage. For more information about how to preserve your stake in homeownership, please visit the Homeownership Preservation Foundation at www.995hope.org

HPF offers the following 10 tips to ensure that credit cards are a sound part of your financial management strategy.

1. Make a budget.

To avoid tapping into your credit card when you find yourself coming up short, make a budget and stick to it. A budget will help you set targets for necessary expenses that occur monthly such as utilities, groceries, medical costs, shelter/household needs and transportation. Set realistic targets and then challenge yourself to spend even less. Don't forget to budget for the unexpected, such as replacing a water heater or an emergency medical treatment.

2. Track your spending.

Using the budget you've developed, track your spending carefully so you can find additional ways to save. The more money you save, the more that is available to pay off your debt each month and the sooner you will be debt free. In addition, diligently monitoring your bank account and credit card statements will make you less likely to fall victim to identity theft.

3. Understand interest and late fees.

It is important to know the interest rates for all of your credit cards and what the late fees are on all of your debts. Avoid late fees to ensure they're not adding to your debt and explore options for lower interest rates. If you can't make a payment, call the banks or companies that you owe and talk to them about finding a manageable solution to your financial situation.

4. Read your statement.

Each month when you get your credit card statement, be sure everything is correct. Check the due date, look at the new charges and match everything with your receipts. Make sure your last payment was recorded correctly. If something seems out of place, call your creditor immediately to get it fixed.



5. Pay on time.

Make payments a minimum of 7 business days before payment is due to ensure that it is received on time. Late payments usually result in penalty fees and higher interest rates. Also, don't be afraid to call the credit card company to change the monthly due date, if necessary. For instance, if your credit card payment is due at the same time as your car payment and mortgage, and you run the risk of not having enough funds available at the end of the month, call and ask to have the due date changed.

6. Pay more than the minimum.

A critical first step to reaching your financial goals is paying more than the minimum balance as many times as possible. If you only ever make the minimum payment, you'll end up paying what you owe over and over again in extra fees and interest. This is especially true for credit card payments.

7. Reduce your number of creditors.

For many consumers, a large part of their debt management problems arise because of the sheer number of creditors they have to pay. Just one person can have outstanding debts on a credit card, a store card, the utility bill, a car loan, a home loan and a student loan. Try to reduce your debt management problems by reducing the number of creditors you owe. If possible, consider consolidating your existing debt into one larger account.

8. Pay the most expensive debts first.

Interest can add up quickly on debts no matter how much you owe. Be sure to focus on paying off the ones with the highest rates.

9. Use online banking.

Depending on your bank, online banking may be available to pay your bills and to track your account activity. Some banks offer even more options to help you stay on top of your finances. This not only allows you to avoid any dreadful bank queues, but also lets you do your banking 24 hours a day, 7 days a week.

10. Get help early.

If you're getting in trouble with debt, get help early. Consider talking with a certified credit counselor – an experienced professional who can help you get out of debt. To find a credit counselor approved by the U.S. Department of Justice, visit http://www.usdoj.gov/ust/eo/bapcpa/ccde/cc_approved.htm.

This article is intended to provide general information and should not be considered tax or financial advice. It's always a good idea to consult a tax or financial advisor for specific information about your individual financial situation.