

## Other Resources That Can Help

Provides credit information  
[creditinfocenter.com](http://creditinfocenter.com)

For everything that has to do  
with money  
[bankrate.com](http://bankrate.com)

Comprehensive financial education  
and counseling services  
[balancepro.net](http://balancepro.net)

Provides identity theft information  
and how to avoid becoming  
a victim of it.  
[identitytheft.com](http://identitytheft.com)

Now that you're on  
**Your Own**  
don't go out on a limb  
**Credit Cards**



## You're finally out of school

and on your own with a great new job and your very own apartment. Then one day, your credit card company increases your spending limit to \$5,000. You think—great! Or is it?

Before you know it, you've maxed out your card with new furniture and the latest fashion wardrobe. Next, your income doesn't match your bills, you're overextended and can't make ends meet. The only alternative is to move back with your parents until you're back on your feet with some money in the bank. Sounds like your worst nightmare?

Unfortunately, this is a common scene for many young adults who fall into the credit card trap. But it can be avoided, if you understand how credit cards work and follow some basic guidelines.

## Pay More Than The Minimum Payment

The interest on your credit card balance never sleeps. Every day the interest accrues and sinks you deeper in debt. Most credit cards only require the minimum monthly payment, which is usually 2% of your outstanding balance. Just look at what paying only the minimum payment really means:

Annual Percentage Rate	18% APR	10.9% APR
Outstanding Balance	\$5,000	\$5,000
Minimum Payment	2%	2%
Years to Pay Off	39.3	19.9
Total Paid to Credit Card	\$18,397	\$8,791
Total Paid in Interest	\$13,397	\$3,791

The above figures were calculated with a minimum payment amount not less than \$15.

## How To Avoid The Credit Card Trap

Follow these simple guidelines and you can avoid the pitfalls of credit card debt and create good credit at the same time.

- Know your financial means and limits and don't go beyond it. Only charge items that you know you can pay off each month.
- If you already carry a balance, pay more than the minimum payment (or the most you can afford) to bring down your principle balance. Try to keep your balance as low as possible.
- Shop around before accepting a credit card offer.
- Compare Annual Percentage Rates (APR). They range from 7.99% to 30.25%.
- Carry only 1 or 2 major credit cards and avoid using your full credit limit.
- Read the fine print and disclosures.
- If you are making payments on several credit cards, you need to consolidate them into a single card with a low Annual Percentage Rate.