



10 strokes to stay afloat

The Illinois CPA Society recommends these **"10 Strokes to Stay Afloat"** when dealing with credit cards:

1. **Stick with One Card**

Having just one credit card is much easier to manage. With multiple credit cards the temptation is greater to run up debt. Plus, having multiple credit cards with a large credit line can actually hurt your credit rating.

2. **Pay in Full Every Month**

By paying only the minimum payment each month, you can easily end up paying twice the amount of the original item you purchased when you calculate the monthly finance charges.

3. **Keep Track of Each Purchase**

Write down each purchase you charge just like with a checking account, so you know how much you owe at the end of the month. Small-item purchases can add up quickly. You should never charge more than you will be able to pay back when the bill arrives.

4. **Pay on Time**

Late penalties are costly and some companies will increase the interest rate after one or two overdue payments. One late payment can also result in a significant drop in your credit – so pay on time every time.

5. **Shop Around**

Compare the terms offered by several credit cards before deciding on one. Terms and conditions vary widely, but you want to look for a low interest rate, no or low annual fee and a generous grace period on payment dates.

6. **Beware of Teaser Rates**

Many cards will offer a low or zero percent interest rate for the first 3 or 6 months, after which time the rate can jump up to 20 percent or higher. Be sure to compare cards based on the fixed APR (Annual Percentage Rate) not just the teaser rate.

7. **Avoid Cash Advances**

The interest rate on cash advances can be much higher than the rates charged on purchases, and many card issuers impose both finance charges and transaction fees on each advance.

8. **Keep a Low Credit Limit**

A low credit line limits the amount of credit you have access to and helps to remove the temptation to overspend. If you receive a congratulatory letter raising your credit limit, call the credit issuer and decline the offer.

9. **Review Your Statement**

Don't assume that your statement is correct. Make sure there are no suspicious charges, and that the interest rate is the same one you signed up for.

10. **Protect Your Credit History**

Every credit card transaction becomes part of your credit history. A poor credit history can affect your ability to rent an apartment, get a job, or buy a car or house. Obtain a free copy of your credit report at least once a year at www.AnnualCreditReport.com to make sure everything is accurate. Lastly, be sure to report a lost or stolen card to the police and one of the three credit reporting bureaus immediately.



About the Illinois CPA Society

The Illinois CPA Society, founded in 1903, is the fifth largest state CPA society in the nation, with more than 22,500 members. It is the only professional organization that represents CPAs in Illinois. During its over 100 years of existence, the Society has advanced the highest ethical and financial standards of the profession, and has been a leader in educating the public on financial issues.