THE SMART SPENDER'S GUIDE TO CREDIT CARDS

Whether you're earning rewards on groceries, booking summer travel, or simply covering everyday purchases, credit cards can be a valuable financial tool. But convenience is a double-edged sword. With one tap, it's easier than ever to spend without thinking about the long-term impact. These practical habits can help you use credit cards wisely, avoid costly mistakes, and keep your finances on track.

Use Credit Cards as a Payment Tool, not a Borrowing Plan

One of the healthiest ways to think about a credit card is as a payment method rather than an extension of your income.

Before making a purchase, ask yourself: "Could I pay for this with cash from my checking account today?" If the answer is no, it's worth reconsidering the purchase or creating a plan before charging it.

Using a credit card for groceries, gas, subscriptions, or other routine purchases can work well when you already have the money set aside to pay the balance when the bill arrives.

Pay More Than the Minimum

Making at least the minimum payment protects your account from late fees and credit score damage. However, paying only the minimum can keep you in debt much longer and significantly increase the amount of interest you pay over time.

Whenever possible:

- Pay your balance in full each month.
- If that's not realistic, pay as much above the minimum as your budget allows.
- Consider setting up automatic payments to avoid missed due dates.

Even small extra payments can help reduce interest charges and shorten payoff timelines.

Keep an Eye on Your Credit Utilization

Credit utilization refers to how much of your available credit you're using. For example, if you have a $5,000 credit limit and carry a $1,500 balance, your utilization rate is 30%.

Many financial experts recommend keeping utilization below 30%, and lower is often better for your credit score.

If your balances are creeping up, consider:

- Paying down balances before your statement closes.
- Spreading purchases across multiple cards.
- Avoiding new charges until balances decrease.

Don't Chase Rewards at the Expense of Your Budget

Cash back, points, and travel rewards can be great benefits…when they don't encourage extra spending.

A common mistake is buying things simply to earn rewards. If carrying a balance means paying interest charges, those costs can quickly outweigh any rewards earned.

The best rewards strategy is simple: earn benefits on purchases you were already planning to make.

Watch for Warning Signs

Credit card debt rarely becomes overwhelming overnight. It often builds gradually.

Pay attention if you find yourself:

- Using one card to pay off another.
- Frequently making only minimum payments.
- Relying on credit cards for basic monthly expenses.
- Feeling surprised by your balance each month.

These signs don't mean you've failed. They simply indicate it may be time to review your spending plan and explore available resources.

Build a Plan That Works for You

If you're struggling with high credit balances or looking for guidance, ask your financial institution about budgeting tools, financial education resources, credit score monitoring, and other support services. You can also connect with GreenPath for free financial counseling. Certified counselors can help you review your situation, explore debt management options, and build a realistic budget aligned with your goals.

The Path to Financial Wellness Starts Here

GreenPath's NFCC-certified experts offer free financial counseling, online education, and a debt management program designed to help you save time and money. Call today.

877-337-3399

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- Save More
- Pay Off Debt
- Improve Credit
- Buy a House
- Plan for the Future

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