



## Point-to-Path Coaching Ezine!

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### This week's topic: 10 Points on Managing Your Credit Cards

Vol 16-060704

**The average credit card debt per household is about \$7000. College students are carrying an average balance of \$3000 - \$7000 in addition to student loans. Does this alarm anyone?**

We have become a society of buy now and pay later. Sometimes we pay much later, which means we pay much more. This is not a treatise on the evils of credit cards. Just a few facts and reminders to help you maintain good credit and not drown in debt.

1. Firstly, strive to reach a point where you can pay by cash, check or debit card for day-to-day stuff. If you don't have the cash to pay at the time of purchase, when will you?
2. Negotiate interest rates, annual fees and late fees. Credit card companies and other lenders won't just give you a better deal out of the blue. Ask for it.
3. Shred all credit card offers that you get in the mail to reduce the chance of identity theft. The July 2004 issue of *Money* magazine listed this number as a resource to get off credit card mailing lists – 888-567-8688.
4. Federal law protects you from all but \$50 in losses if your credit card is stolen.
5. Having said that, the same applies to debit cards from most issuers.
6. Most credit cards require a minimum payment of about 2% of your balance. If you pay 2% each month toward a \$4,000 balance at 15% interest, it will take almost 30 years to pay off and you will pay more than \$6,000 in interest.
7. Think twice, no three times about giving your teenager a credit card "for emergencies." Rather, specifically define what they can use it for, get them a card with a low limit, e.g. \$300 and teach them to pay the balance every month.
8. Don't use a credit card to get cash. They make it sound really good in large print. In the small print, it's a really bad deal.
9. Check your credit at least once a year and challenge any erroneous information.
10. If a card charges a fee to transfer your balance, make sure the interest savings will be more than the additional charge.

Resources: *Money*, MSN Money online and myself!