Get the Most Out of Your Credit Card
Get the Most Out of Your Credit Card

About the PICPA

• The Pennsylvania Institute of Certified Public Accountants (PICPA)
• The PICPA is a professional association of more than 22,000 members working together to improve the profession and serve the public interest.
Get the Most Out of Your Credit Card

Proper Credit Card Use

• Do: Pay more than the minimum balance each month
• Don’t: Max out your credit cards
• Don’t: Miss payments
• Don’t: Open several credit cards at once
• Don’t: Think of your credit card as money you’ll find later
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Proper Credit Card Use

• Should I pay my credit card balance off every month?
  – Always try to pay all or most of the balance off every month
  – Don’t let credit cards become a spending crutch, or debt may get out of control
  – Adjust your future spending if you have to make a big or unexpected purchase on a credit card
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Proper Credit Card Use

• What’s the best way to pay off a credit card?
  – Always pay more than the minimum
  – Pay more than just the interest – pay towards the principal (the actual debt)
  – Pay off the accounts with highest interest rates first
  – Pay as much as you can afford to
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Proper Credit Card Use

• Check your credit report every year
  – Available for free at www.annualcreditreport.com

• Ensure all the information is correct
  – If not, follow up with the credit bureau or vendor who posted the inaccuracy
  – Incorrect information could be a sign of fraud, and might lower your credit score
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Choosing the Right Card

• Consider the value
  – What’s in it for you?
  – What are the best rewards for you? Cash back, airline miles, etc.

• Know the limits
  – Are there caps on rewards?
  – Do they expire?
  – Will the card be accepted everywhere?
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Choosing the Right Card

• Understand the terms
  – Rewards should not be the only consideration when selecting a card
  – Check fee structures, interest rates, late payment penalties, customer satisfaction, etc.

• Comparison shop
  – Do your homework; don’t sign up on an impulse
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Managing Credit Card Debt

• Debt is not always bad
  – Good debt: mortgage, student loans, car loans
  – Bad debt: credit card debt, things you can’t afford and want but don’t need

• Consider consolidation:
  – Turn several small loans with different interest rates into one larger loan with one interest rate
  – Crunch the numbers and be sure that you will be paying less if you consolidate
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Managing Credit Card Debt

• Make a new spending plan
  – Figure out how you racked up your current debt
  – Be vigilant to keep debt low
  – Create a realistic budget for your life and stick to it!
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Young Adults and Credit Cards

• Young adults often learn the hard way how to use a credit card responsibly
• Some tips:
  – Be an example to your children
  – Explain the importance of fees, interest rate, and fine print
  – Consider using an online tool to show them how much they will pay by carrying a balance every month
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Resources

• Money & Life
  – Making Credit Cards Work for You

• Video
  – Choosing the Right Credit Card

• Brochure
  – Climbing Out of Debt
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Questions?