

Tip of the Week



Extension Tip of the Week

September 4, 2007

Be aware of Campus Credit Card Offers

- It's that time of the year, when displays go up on college campuses giving out t-shirts, bottles of soda or other goodies if you fill out a credit card application. It may sound like a good deal at the time, but several credit cards used regularly can lead to bad credit. So if you are a college student or the parent of a college student BEWARE of these offers and follow these tips?
- One credit card is enough. Before applying for a card, read the fine print and compare at least three cards. Many companies offer low "teaser interest rates" for new accounts that increase after a few months. Also look for the grace period (preferably 20-25 days), annual fee (preferably none) and the method of computing finance charges (preferably average daily balance).
- Always pay more than the minimum payments on credit cards or you could be paying off the debt for many years after college. Create a monthly spending plan. Decide what the credit card will be used for and stick to it. Avoid putting big ticket items on a credit card. Learn to save for these items and buy them with cash.
- Pay your credit card bill on time. Late payments or skipping a payment result in late charges, higher interest rates and a damaged credit report. Record credit card transactions as you make them or take the receipts and keep a running total so you always know how much you owe.
- A debit card makes more sense than a credit card for regular purchases like groceries or gasoline. A debit card, unlike credit cards, is linked to a checking account, which means you can't spend more money than you have. And use an ATM card for cash withdrawals. Cash advances on a credit card typically have higher interest rates than purchases and there is no grace period?interest accrues immediately.
- Check your credit report annually. You can now get free copies from the three major credit bureaus - Equifax, Experian, and TransUnion. Call 877-322-8228 or visit, www.annualcreditreport.com. Stagger your request for each report over a year.
- If debt is piling up don't carry the credit card with you. Seek help before things get out of hand. It's no fun when your account is sold to a collection agency and they call you constantly requesting payment.

For more financial information, check out this link to ISU Extension's finance page:
www.extension.iastate.edu/finances.