

Choosing The Right Credit Card For You

All of us are bombarded with credit card offers today regardless of what debts we already owe. Sometimes the temptation is almost irresistible to sign up and add another piece of plastic to your purse or wallet.

True, financial experts tell us two or three credit cards are usually sufficient, particularly if you travel quite a bit and run into problems with one of your cards, then you have a backup to pay for lodging, food, gasoline, etc. But, holding more than two or three cards can be downright dangerous!

With added and unnecessary cards, the chances of having one or more lost or stolen increases. Moreover, we are likely to be more tempted to fill up each card we hold to the maximum limit, driving us deeper into debt. Indeed, as the new century dawned credit card and other revolving - type consumer debt reached an all time record in the United States at more than \$650 billion. Then, too, keeping track of how much we owe for budgeting purposes becomes much harder, leading to more mistakes and sometimes forgetting to pay on a card, possibly worsening our credit rating. So, if you have more than two or three cards, consider consolidating (or, better still, paying off) the extra cards onto one or two cards and closing those extra accounts.

How do you decide which cards to keep and which to let go? Much depends upon what kind of card user you are. If you use your card only for convenience and record keeping and pay off what you owe each month, lean toward those cards without annual "membership" fees and to those carrying special bonuses or rebates for frequent use as well as consumer buying protection, such as those that allow you to return broken or unwanted merchandise without penalty. For this kind of card customer the annual interest rate quoted on the card matters a whole lot less.

On the other hand, if you tend to use your credit card to borrow, running up unpaid balances frequently, the annual interest rate becomes very important. You want the lowest interest rate available and an ample grace period before the card company begins assessing finance charges on your unpaid balance.

Remember however, as the FDIC has recently reminded us, card companies often change their annual percentage interest rate (APR) and what looks like a good interest rate today may become too high tomorrow. All they have to do is give you proper notice of a rate change (usually at least 30 days). So never throw away before reading anything your card companies send you. That envelope you just received might be a notice of a new annual interest rate or a new fee you will have to contend with in the future.

If there is a good side to the proliferation of new credit card offers today, it is that you have plenty of alternatives if you aren't satisfied with the card you hold. Select the best deal for you and be vigilant! It could save you lots of money and grief in the future.

Source: TakeChargeAmerica.org