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## Credit Smarts

Credit cards are a handy financial tool when used wisely. But, as many have discovered in recent years, unwise use of credit cards can really "smart". How can you balance use of credit cards without over-extending financial resources? Here are ten tips to help keep you from getting burned.

1. Create and follow a realistic budget. If you don't know how much you spend, it is easy to fall into the trap of not truly knowing where your money goes. Ignorance is not bliss when it comes to personal finances.
2. If you are unable to make ends meet don't rely on credit. Credit cards may be appropriate during an emergency, but reliance on credit month after month to cover budget shortfalls is a clear sign of serious debt problems.
3. Don't get hooked on making the minimum payment. This will only extend the time until you will repay the balance until ..... forever or darn near close to it.
4. Always pay your credit card bill on time. Late fees and finance charges accumulate rapidly, and serve as a major source of income for banks and credit card companies.
5. Stay within your limit. Over limit fees are very high, and another boon for lenders.
6. Understand what your credit card agreement really says. Know when your grace period ends, and make sure to schedule payments within the applicable time.
7. Plan out major purchases and then budget for the payoff. If you cannot pay within a realistic period of time (i.e. three to six months), ask yourself if you really need the item now.
8. Apply a rule when impulse buying strikes. Slow down; take some time to think it over. You may feel differently in 24 to 48 hours.

9. Don't get sucked in by rewards programs. They are designed to encourage you to overspend. A purchasing decision should focus on the value of the good or service, not how many airline miles you will accumulate.
10. If you simply cannot control your use of credit cards then destroy them. Live on cash and adjust your expenditures accordingly.

\*\*\*Bonus Tip: Never, never, never use credit cards to pay taxes. This is a mistake that can potentially turn the entire balance on the credit card into a non-dischargeable debt in bankruptcy.

Following these simple rules requires discipline but may save you from credit card woes in the long term. Be smart when it comes to credit.