

Managing Credit Cards

Credit cards are a necessity in today's life. Most people use them weekly for a variety of needs. Have you ever attempted to rent a car without a credit card? Stay overnight in a hotel without providing a credit card? It's not impossible, but it sure is not easy to accomplish. While needed, credit cards can be very expensive and cause financial harm if not used correctly. It is important to remember that credit cards are a financial instrument. Some people use credit cards like free cash, not understanding the need to repay on time. Don't get caught in that trap. Don't be tempted into buying something you can't; In a perfect world credit cards should be used and then paid in full each month. In this manner you can avoid costly interest charges. But the reality is that credit cards are often used for large purchases which can't be paid off quickly. This is why it is extremely important in your [debt management](#) plan to only apply for credit cards with low interest rates.

You have to read the fine print. The credit card that offers, say, a very low introductory rate may balloon into a terrible rate after just a few months time. Check out what the rate will be once the introductory period is over and steer clear of credit cards with double digit interest costs. Credit card companies are in the business of extending credit but also making money. Many times they make money off unsuspecting card holders. For instance, you might have a very low rate but miss your payment date because of slowness of the mail. Many credit card companies immediately jack up your interest rate. So look for cards which offer at least a grace period for late payments of a few days. Some cards will, for people who generally pay on time, offer one free pass before jacking up the rate. If you run into a problem with repaying your credit card, don't ignore it. Call the company, discuss your situation with a customer service representative. Many times they can devise a payment plan that will allow you to repay over extended time while not hurting your credit score. Shopping around and comparing benefits of the various credit cards and their costs will save you hundreds, if not thousands of dollars in the long run and go a long way toward making your debt management plan a successful one.

About the Author

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