

Using a credit card responsibly – 7 credit card tips for smart users

Used responsibly, a credit card can be a very helpful financial tool. Making consistent, on-time payments can help boost your credit rating, and some cards offer rewards for purchases or even a 0% interest rate for a short period of time on any money transferred to that account.

But if your credit spending gets out of control, monthly payments and accumulated interest can become a problem. Follow these credit card tips to avoid common problems:

1. **Pay off your balance every month.** Avoid paying interest on your credit card purchases by paying the full balance each month.¹ Resist the temptation to spend more than you can pay for any given month, and you'll enjoy the benefits of using a credit card without interest charges.
2. **Use the card for needs, not wants.** A credit card should be used carefully. Frivolous purchases can lead to debt. Credit cards can be used in emergency situations, such as a mobile phone bill that's due before your next payday. Use the credit card as a temporary loan to yourself, and then pay back the amount as soon you can to avoid interest charges.
3. **Never skip a payment.** Pay your bill every month, even if the minimum payment is all you can afford. Missing a payment could result in a late fee, a higher interest rate and a negative mark on your credit score.
4. **Use the credit card as a budgeting tool.** If you're confident you can use a credit card responsibly and pay off the balance every month, try using it as a budgeting tool. By making all of your purchases with your credit card, you can see exactly how much you've spent at the end of the month. Of course, you should only do this if you know you can pay off the balance each month. To make sure your credit card spending doesn't get out of hand, never charge more to your card than you have in your bank account.
5. **Use a rewards card.** If you're using a credit card for most or all of your purchases, it makes sense to use a card that offers rewards. Not only can you avoid paying interest, but you'll also earn rewards such as cash, airline miles or retail points.
6. **Stay under 30% of your total credit limit.** One way to keep your credit score healthy is to keep your credit utilization ratio under 30%. This credit utilization ratio is the percentage of total available credit that you're using. For example, if your credit card limit is \$1,000 you should keep your balance under \$300. But the ratio applies to the sum all of your cards – so if one credit card has a \$3,000 limit and a \$3,000 balance, and a second card has a limit of \$7,000 with no balance, you're right at the 30% mark (\$3,000 of an available \$10,000) which is where you want to be.
7. **Protect yourself from credit card fraud.** While there is no foolproof way to prevent all instances of credit card fraud and theft, understanding and adopting a few [best practices](#) can help reduce your risk.

¹ By paying off your full balance on purchases each billing cycle, you'll never be charged any interest on those balances. However, this may not be true for balance transfers and cash advances. Those sometimes start accruing interest from the date of the charge. Be sure to read your cardholder agreement – or the fine print on your monthly statement – to know how your lender calculates interest for these charges.

14 ways to save money during the holidays

By [Dana Dratch](#) • Bankrate.com

Money-saving tips for the holidays

By Jean Chatzky

Tired of starting the new year with a pile of debt? Shop smart, and you can enjoy the holidays without putting yourself in the poorhouse. Here are 14 tips to help you make the most of your time and money:

1. Decide how much you can spend.

"Most people go about it all wrong," says Ric Edelman, author of "Financial Security in Troubled Times." "The first thing they do is come up with a list of people (to buy for)."

Instead, Edelman recommends setting your holiday budget before you go near a store.

One big mistake? People overlook the little extras when they draft a budget. Include everything from postage for Christmas cards to holiday party favors and home decorations to the cost of boarding a pet if you're traveling.

2. Make a list and check it twice.

Armed with your budget, make a list of all the people you want to buy for. Then go over the list and decide how much you can spend on each, Edelman suggests. Don't have enough money to cover your holiday budget? Go through it again and cut names or amounts. Once you settle on a dollar amount for each person, that's it. "If you can't afford a sweater, get something else," says Edelman. "Focus on the amount you'll spend, not what you'll buy."

For big families, develop a gift list with other relatives, advises Mark Gorkin, a licensed clinical social worker known as "The Stress Doc." "You shouldn't have to buy something for everyone," he says.

3. Pay cash.

"If you know that you've had trouble in (years) past, do a cash-only Christmas," says Clark Howard, co-author of the book "Get Clark Smart: The Ultimate Guide for the Savvy Consumer" and host of a nationally syndicated consumer call-in show. His holiday advice: Set a limit, take that money out of your credit union or bank, "and when that (money's) gone, it's over."

4. Think of credit cards as short-term loans.

Ideally, you'll want to pay everything off immediately. Have a choice of cards? Always use the card that offers the lowest interest rate. A good idea is to track your credit card spending just as you would if you were writing a check. Remember: It's really easy in the flurry of the holiday spending to run around and not keep track.

5. Put yourself on your shopping list.

It sounds selfish, but it's really smart. "There are things you would not have bought for yourself that you end up, on impulse, buying (for someone else)," says Howard. The best antidote is to give yourself a little splurge, too.

6. Allow enough time for all your holiday preparations.

Who hasn't run out for a gift at the last minute and ended up paying top dollar? But whether you're shopping, baking or wrapping presents to send cross-country, budgeting your time can end up saving you tons of money.

7. Don't overlook the value of intangibles.

Do you want to give someone a gift but don't have the money? If you're already baking cookies for your family, making an extra batch as a present for a neighbor is fairly economical. Want to help a friend who's got a lot on her plate? Offer to baby-sit, walk the dog or take an elderly relative for an outing. The cost is next to nothing, but the gift is priceless.

8. Send e-cards.

They're free -- or only cost a couple of dollars -- and don't require postage. Some even play music, making them a fun, free way to catch up with far-flung friends and family.

9. Just say "no" to toy lust.

If your kids still believe in Santa, help them draft real-world wish lists. In the post-Santa years, set some financial boundaries and give them some choices. "The child still gets a chance to choose," says Gorkin. "But you help the child remember there are still real limits."

10. Look for meaning over glitz.

"Especially when you get into your 40s and you've got everything you need, words and gestures mean more," says Rachel Ashwell, author of "The Shabby Chic Gift of Giving." A thoughtful gift can be anything as simple as a set of dice (message: life's a gamble) to

a few beautiful bottles collected for minimum cost at various flea markets or antique marts, Ashwell says.

11. Shop for weddings at Christmas.

Even if your big day is a year away, holidays are a great time to get a deal on bridal gowns and bridesmaids' dresses. "This is the slowest time of the year for bridal apparel shops," says Denise Fields, co-author of "Bridal Bargains: Secrets to Throwing a Fantastic Wedding on a Realistic Budget." "No one goes shopping for wedding dresses in November or December."

12. Get married during the holidays.

Shopping for a wedding date? December offers some pluses in the budget department. "Most churches are already decorated for Christmas, which means you get to save a lot on flowers," says Fields, who estimates that couples can cut at least \$500 from their budgets by planning Yuletide nuptials. The downside is that because of holiday parties, many caterers, bands and DJs are booked for the season, which means it's not a great time to plan a huge event. But if you have your heart set on an intimate gathering, you can have the wedding of your dreams and a nice nest egg to start your new life together.

13. Take a vacation.

Resorts and cruise ships are hurting for business, says Edward Hasbrouck, author of "The Practical Nomad: How to Travel Around the World," which makes this a great time for a luxury getaway. "They've paid for the hotel (rooms), and that's a cost they're stuck with," says Hasbrouck. "Similarly, cruise lines are in particularly bad shape.

"If you want to get away, you will see all kinds of hotels offering truly unprecedented bargains," he says. "For not much, if anything, more than Motel 6 prices, you can have a much nicer hotel. This will make it quite tempting to get away over the holidays."

But shop around. The same room at the same hotel can fetch vastly different prices depending on how it is booked. Look up the hotel online, through a broker and through the hotel chain's website; chances are the prices will be different, and you might need the special codes listed on those sites to get the deal, according to Howard.

"What I like for people to do with hotels is try various online search sites, then call the hotel directly and call central reservations," says Howard. "No matter what price is quoted, act shocked. Say, 'Don't you have anything better than that?'" Just like hotels, rental car companies are hurting for business and offering some good deals -- daily rates for less than \$20, according to Howard -- so do your homework.

14. Remember the reason for the season.

Whether you celebrate Christmas, Hanukkah or Kwanzaa, keeping the holiday's spiritual message front and center is a good antidote to the holiday gimmies. "Instead of spending weekends leading up to Christmas in the mall, it would be a lot better gift to spend your time with your family," says Howard.

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