

Plastic Protocols

by vcmorris - Thursday, July 16, 2009

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Paying with a credit card is definitely handy - just be sure you don't pay an unnecessary price for the convenience. By that I mean, don't let credit card fees get out of control.

There are ways that this can happen without you easily knowing of it.

First and foremost are late fees. They can be exorbitant! Miss a payment *due date* and you can get hit with a penalty ranging from \$15-\$39.

Not only is this all-important *due date* not always crystal clear but credit card companies have the right to change this due date *deadline* with very little notice. In fact, they can even specify an exact *time of day* that your payment is due!

And since a late fee increases the balance you're carrying, if you're at or near your spending limit, this fee could push you *over* the limit which could then result in an over-the-limit charge of another \$15-\$39.

Another potential way your credit card fees can get out of control: if you're late with a payment or go over your spending limit.

If either of these situations happen, the credit card company can increase your annual percentage rate of interest (APR) into double digits. Many credit card companies will do this even if you're late on *any* of your bills - even those not charged to that particular card. This is a tough but good lesson in reminding us how inter-connected credit history is and the potential consequences of *any* credit delinquencies.

So what to do if you are hit with a late fee or over-the-limit fee?

- Contact the credit card company. Ask them to wave the charge for you as a one time courtesy. Some will.
- Request a lower APR and if the company says "no" consider transferring to another credit card company offering a lower rate.

If you do consider switching to another credit card company - one caveat: if you have a long-standing history with that credit card issuer, closing that account could hurt your credit score.

So I suggest that you keep the credit card with which you have the longest credit history - even if the APR is a bit steep. Use it just a couple of times a year so there's activity on it but only charging what you can pay off in full when the bill comes due. However, shop for a credit card that has a low rate and use that one consistently and responsibly.

Plastic protocols are important to know and knowing them keeps your credit - worthy.

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