

BUDGET BASICS- CREDIT CARDS

APRIL 2018



FINANCIAL TIPS

- If you want to purchase something online, leave it in your shopping cart for 72 hours or longer. Then check back in and see if it is still a necessity.
- Rewire your brain to think of paying off debt and saving money is an investment in your future.
- Learning to distinguish between wants and needs will help you make healthier financial choices and be less impulsive with buying things that are not a need.



CREDIT CARDS

It can be easy to accumulate debt on credit cards. You may find yourself with a payment statement and wonder how it got so high. Credit cards can benefit your financial future if you are making responsible decisions when using them.

Being Responsible with a Credit Card

- Paying more than the minimum amount each month will save you a lot in the long run.
- Using a credit card means you are acquiring debt, it's not supplemental income.
- Use it for carefully planned purchases that can be easily paid off.
- When you use your credit card be sure to pay it off each month.
- Set a limit to how much you can put on your credit card and be sure you can pay that amount of every month.
- Get a credit card with a low interest and annual percentage rate.

Credit cards have associated good and bad qualities. If you are responsible they can benefit your credit in a positive way. It is essential to learn to be responsible when using a credit card to avoid damaging your credit.

Unnecessary Expenses

- Do you make purchase small purchases every day or often throughout the week? If so, take a look at this breakdown of buying a latte for \$3.50 every day.
- A latte everyday = \$3.50
- A latte every day for a week = \$24.50
- A latte every day for a month = \$105
- A latte every day for a year = \$1,277.50
- A latte every day for a decade = \$12, 775
- That is a lot of money that could be going into a savings account!

If you took the \$3.50 spent on a latte every day and instead added it to a savings account of 10% annual return, you would have \$242,916 in 30 years!

Source: Olpin, M. Hesson, M. (2016) *Stress management for life: A research-based experimental approach. (4th ed.).* Cengage Learning. Boston, MA.



WEBER STATE UNIVERSITY
Employee Wellness