

Seven Ways to Stick It to Your Creditors

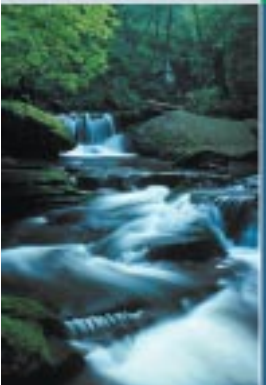


Many of the people we talk to feel their creditors have taken advantage of them. Most of that belief is a misperception.

The vast majority of creditors follow the rules and abide by the agreements they sent you when you applied for credit.

However, people are still plenty upset with their creditors and want to know how they can get back at them for all the high interest rates and fees.

So, here's a list of ways to stick it to your creditors. Kids, don't try this at home. These tricks are for adult implementation only.



1. Pay your bills before the due date

These days credit card companies make a ton of money if you don't pay your bill on time. With late fees at or above \$30 each month, it's easy to see that this is a cash cow for creditors.

Creditors love people who never send their payment in until the last minute. The later you wait to send it, the greater the chance your payment will arrive past the due date.

Stick it to your creditors. Send your payment as soon as you can. The extra 14 cents you would have earned in interest by leaving your money in the bank isn't worth the risk of a late fee.

2. Keep your balance below the limit

If you have credit card balances that are higher than your credit limit, your creditors rush to their cash registers again. Ka-ching!

Most creditors will allow you to exceed your credit limit, but they will charge you an overlimit fee.

While most creditors will allow you to exceed your credit limit, they will charge you an overlimit fee each month until you bring your balance back in line. Like late fees, overlimit charges can run as high as \$30 or more and

are simply putting money straight into your creditors' pockets.

Stick it to your creditors. Keep your balances way below your limit.

3. Pay your credit card bill in full each month

Using a credit card for regular purchases can be a great financial tool. You get to use someone else's money for free each month and receive a consolidated statement to help you keep track of all your purchases. All you have to do is pay the bill in full before the due date.

Credit cards save you from carrying a pocket full of cash and the credit card company will help you if you have a problem with a product or service you purchase with the card. You might even get rewards or perks when you use the card.

Stick it to your creditors. Avoid all the interest charges by paying your bill in full each month.

4. Check your credit report

Your creditors have got their eyes on you and they are hoping you'll keep your eyes off your credit report.

In fact, these days, a whole bunch of people have their eyes on your credit report.

Your insurance company is watching so they can determine how much they are going to charge you for insurance. Insurance companies think that if you are having credit problems, you are an insurance risk. Okay, so maybe it's just an excuse to raise your rates.

Your credit card companies also keep a close watch on your credit report. They're looking for bad marks, also.

If you run into problems with one of your creditors, don't be surprised if all your credit cards get a sudden increase in interest rates. Even if you have been paying your bills on time to your other creditors, they can all raise their rates if you pay someone else late. (Check your terms and conditions. It may be in the fine print, but it's there.)

If you run into problems with one of your creditors, don't be surprised if all your credit cards get a sudden increase in interest rates.

It's not uncommon these days to see rates near or above 30 percent once your credit report starts to show late payments.

If you haven't checked your credit report lately, you don't know if it's got any incorrect information on it.

Just because you've been a model citizen when it comes to paying your bills, you don't know if somebody else's bad habits have landed on your credit report in error. Every credit report we see these days contains errors.

Stick it to your creditors. Order a copy of your consolidated credit report from Myvesta.org. It will show all the payment history about you on file with all three major credit-reporting bureaus. Make sure someone else's problems don't become yours.

5. Take advantage of "same as cash" credit terms

You know those furniture and electronic ads that say you can buy the item today and not make a single payment for 90 days and they won't charge you any interest? It's true. If you play by the rules and pay off the bill before the due date, you can keep your money in the bank and use their money for free.

The creditors are hoping that most people won't pay it off before the due date. Then, not only will they get to charge interest in the future, but they'll also whip out their calculators and figure out how much interest has racked up during the "free" 90 days. If you don't pay your balance off in full before that 90-day mark, all of that accrued interest will land on your bill.

Stick it to your creditors. Pay off any extended credit agreements within the "same as cash" period.

6. Consolidate your debt and then don't keep balances on your cards

If you don't want your high interest rate

creditors to get their hands on your money, pay it off with low interest rate debt.

If you've got equity in your home, you can tap into that cash with a low, fixed interest rate loan and pay off your bills.

Of course, this trick only works if you don't run your balances up again.

Stick it to your creditors. Pay them all off and don't run up the balances again.

7. Use cash advances wisely

If you need cash, think twice before taking a cash advance from your credit card. Cash advances are treated differently from purchases.

Typically creditors charge higher interest rates for cash advances and the interest begins accruing right away. Some creditors even add a cash advance fee.

Be sure you understand your cardholder agreement because your regular monthly payment might be applied only to your revolving balance. Unless you understand exactly how your future monthly payments will be applied to the outstanding balance, you will be shocked that your cash advance won't be paid off for years.

You see, if you owed \$1,000 as a revolving balance and took out a \$500 cash advance you'd have to send the entire \$1,500 to pay off the cash advance. The cash advance portion of your bill is usually the last place your payment is applied. Let's say the following month you sent \$500 to pay off the cash advance, the payment will most likely be applied to \$500 of the revolving balance due and the cash advance amount will continue to build interest at that higher rate.

Your creditor might have a special policy to allow you to pay off the cash advance portion of the bill first but you've got to do your homework to find out exactly how. Sometimes you can do it by making the regular monthly revolving payment and send the cash advance pay off to a separate and special mailing address.

Stick it to your creditors. Read your credit card owners manual before you make the wrong move. Get rich by being smart.

About Myvesta...

Myvestasm is dedicated to helping people create healthy financial lives. The organization provides a wide range of materials to inspire and inform people so they can break down their barriers to financial and personal success. For more information visit Myvesta.org online.

Information Guarantee

The information in this publication is updated frequently. If you have not downloaded this publication directly from Myvesta.org, visit Myvesta.org to download a current copy of this publication.

We hope you find the information in this publication helpful. Please understand that Myvesta.org's publications are not intended to be legal, investment or financial planning advice. You should contact a lawyer, investment advisor, financial planner or other licensed professional in your state for specific advice.