



Six Tips to Avoid Getting Stuck in Deep Credit Card Debt

1. Shop around before signing up for a card. Deceptive terms and conditions abound throughout the industry. Look for:

- An APR of 15% or lower;
- No annual fees; and
- Full information on teaser rates (make sure that you don't agree to a low rate that will rocket above 15-20% when the teaser expires).

2. Use credit cards sparingly. Ideally, if you can't pay off the balance each month, you shouldn't use your cards for day-to-day purchases. Companies try to lure you with "rewards programs" and incentives so you will use your credit card to pay for everything from pizza to rent to gasoline. The debt you'll incur outpaces any additional value of what you gain in rewards. A 1% reward doesn't reduce a 25% APR! So pay for day-to-day and cost-of-living expenses in cash as much as possible. Use the credit card only for the big ticket necessities you need.

3. Pay off balances in full each month. Companies keep the minimum monthly payment low so that you'll extend your payment over time and rack up additional debt in interest. If you can't pay off the card in full, then make the largest payment possible each month. Try to always pay more than the minimum required.

4. Make your payments as early as possible every month (at least 7-10 days before it is due) to avoid late charges. Companies routinely charge late fees of \$30 or more. Worse, when you pay late, nearly half of all companies also increase your interest rate to 25-30% APR or more on your total balance!

5. Call your credit card company and ask for a lower rate. It's cheaper for a credit card company to keep a customer than find a new one, so if you think that your interest rate is too high, call the number on your card and ask for a lower one. In a recent study by the US Public Interest Research Group, more than half the consumers who called lowered their rates by a third or more.

6. If you have a problem paying, seek help. Consider cutting up (or locking up) your card and paying it off in a timely manner with a personal loan from a family member. Consider talking to a credit counseling service, but be careful: this once-respectable business now includes numerous fly-by-night operations. Watch out for debt settlement companies that require an upfront payment that goes only to the debt settlement company (not to paying down your debts). To find a legitimate credit counselor in your area, consult the National Foundation for Credit Counseling at www.nfcc.org or 1-800-388-2227. Also, make sure that the company and the counselor are licensed in Illinois. To check whether a credit counselor is licensed, visit the Web site of the Illinois Department of Financial and Professional Regulation at www.idfpr.com/dfi/ccd/licensees/Debt_Management_Licensees.HTM.

Do You Think You Have Been Unfairly Treated?

If you believe you are the victim of unfair interest rate charges, late fees or other penalties, or deceptive marketing, and your credit card company fails to address your concerns, you should file a complaint with the Office of the Illinois Attorney General. Although we do not regulate the credit card industry, we are sometimes able to resolve disputes between credit cardholders and their card companies.

In addition to filing a complaint with our office, you should file a complaint with the federal Office of the Comptroller of the Currency (OCC). The OCC regulates most of the big credit card companies and will either handle your complaint itself or forward your complaint to a different regulator if needed. Here's how to contact the OCC:

The Office of the Comptroller of the Currency
Web site: www.occ.treas.gov/customer.htm
E-mail: Customer.Assistance@occ.treas.gov
Phone: 1-800-613-6743
Address: Customer Assistance Group
1301 McKinney Street, Suite 3710
Houston, TX 77010

For more information about credit cards or to file a complaint against your credit card company, please visit www.IllinoisAttorneyGeneral.gov or contact the **Illinois Attorney General's Consumer Fraud Bureau at 1-800-243-0618 (TTY: 1-877-844-5461)**.

This fact sheet is adapted from a fact sheet from US PIRG.

www.IllinoisAttorneyGeneral.gov