

# Using Your Credit Card

Paying your balance in full and on time is the best way to use your credit card responsibly

## The benefits of paying in full and on time

- **Build credit:** By using credit responsibly, you're contributing to your credit history, which will make it easier and more affordable to secure a loan in the future
- **Skip the interest:** By paying in full and on time, you avoid carrying a balance on your card, which means the credit card company cannot charge you interest on your balance
- **Stay out of debt:** By sidestepping the cycle of minimum payments and interest charges, you're able to use your credit card without the fear of spiraling into debt
- **Dodge the late fees:** Paying on time protects you from being hit with late fees and other penalties for missing payments
- **Enjoy rewards:** Maintaining healthy credit card habits means you're free to enjoy the perks and rewards of your credit card

## Brush up on billing

- A billing cycle is the period of time between billings—it can vary from 20 to 45 days, depending on the credit card issuer
- When your billing cycle closes, you are billed for the remaining balance—this will be reflected on your credit card statement

**Credit card checkup:** Do you know when your billing cycle opens and closes? Is it at the start and end of each month? Is it mid-month? Is it on the same date every month, or does it vary? For each credit card you use, take a look at your last three credit

card statements to figure out when your billing cycle starts and ends.

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- **Credit card payment timeline**
- Your statement also shows your payment due date, which is usually about 20 days after your billing cycle ends
- In the meantime, your next billing cycle will already be underway—it starts with whatever balance was left unpaid at the end of the previous billing cycle and goes from there, adding and subtracting your credit card activity

**Credit card checkup:** Schedule time to pay your credit card bill every month. You want your payment to be applied during the grace period and before the due date in order to avoid fees and penalties. Allow ample time (a week or more) for your payment to process.

## **Treat your card like cash**

Familiarizing yourself with your billing cycle will help you pay your balance on time, and treating your credit card like cash will help you pay your balance in full

Do:

- Remember your credit card transactions are mini-loans
- Pay for things within your regular budget
- Decrease your reliance on credit cards by saving up for an emergency fund

Don't

- Pretend your credit card is access to “extra income”
- Use credit to justify extravagant purchases
- Postpone saving money simply because you have access to a credit card

*Sources:* Investopedia, The Balance