

## Avoiding Credit Card Debt

Credit cards, if used unwisely, can lead to a mountain of debt. If you charge more than you can afford, make low monthly payments, or pay late, you may be headed for trouble.

However, if you learn to use credit cards wisely, they can be convenient, help build good credit, and prove useful in emergencies.

### Don't Use Your Credit Card as a Loan

A credit card can be two things, depending on how you use it. If you carry a balance, it is a very high interest loan. If you make only the minimum payment (usually 2-3% of the balance) each month, you will be paying off the debt for years and years to come, including a huge amount of interest.

On the other hand, if you pay off the balance each month, a credit card becomes a convenient way to purchase items and services without carrying around a lot of cash. Use your credit card as a cash substitute, not as a high-interest loan.

### Charge Only What You Can Afford

Don't use a credit card to finance an unaffordable lifestyle. If you can't pay off the entire balance every (or almost every) month, then you are overspending. Use these guidelines to determine what you should and shouldn't charge:

- **You have cash in the bank to cover the purchase.** If you have sufficient cash in the bank to make a purchase, go ahead and charge it if you wish. Then pay off the balance in full when you get the statement.
- **You don't have enough cash to cover the purchase, and the item is not for an emergency.** If you don't have enough cash to purchase the item or service, don't charge it. Instead, save your money (preferably in an interest-earning savings account) until you can afford the purchase.

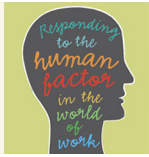
Claremont EAP  
can help address  
all of these issues!

Call: **800-834-3773**  
or visit  
**claremonteap.com**

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## Avoiding Credit Card Debt

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- **You can't afford the item or service, but you need it right away.** If you can't afford an item or service, but need it now (for example, you must repair your car so you can get to work), charge it. But, at the same time, make a plan to pay off the balance over time -- figure out how much you can pay each month and how long it will take you to pay the balance off. Then, stick to it.
- **Don't charge something if it won't exist when the bill comes.** A good way to cut down on credit card debt is not to charge anything (like a meal, groceries, or going to the movies) that won't exist when the statement arrives. By paying cash for these kinds of things, you save your credit for true necessities.

### Create a Budget

If you cannot keep your credit card spending in check, create a budget. Make each credit card purchase only within the framework of your budget. If you can't stick to your budget, then don't carry your credit card with you (you may want to keep one in the house for emergency use only).

### Pay All (or Most) of the Balance Off Each Month

The single most important rule about wise credit card use is this: Pay off the entire outstanding balance each month. If you must carry a balance from time to time, pay off most of the balance each month. If you can only make the minimum payment each month, you are in over your head. Stop using the credit card until you pay the entire balance off.

For free and confidential assistance, call Claremont EAP at:

**800-834-3773** or visit [claremonteap.com](http://claremonteap.com)

### Pay on Time

Penalties for late payments add up. And, many credit cards jack up your interest rate if you pay late a few times. Late payments also damage your credit report.

### Have Only One or Two Cards

You really only need one card, or two if some vendors don't accept your main card. With one or two cards, you can keep track of purchases and make sure you pay each on time. If you have to use one card to pay off the balance of another, you are in trouble.

### Don't Get Cash Advances

There are three reasons why you shouldn't use a credit card for cash advances. You will:

- pay higher interest
- pay transaction fees, and
- not get a grace period (which means you pay interest from the day you get the money, even if you pay your balance in full when the bill comes).

Instead, go to the bank or use an ATM card.

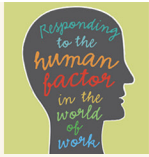
### Don't Sign Up for the Special Services

Credit card issuers bombard cardholders with ads for products such as credit card fraud protection plans, travel clubs, and life insurance. These are almost always overpriced or provide something you don't need. Shred the ads you receive without reading them.

### Keep Good Records

Keep all credit card receipts and reconcile them with your statement each month. Review the statement as soon as you get it.

A careful review of your statement is the only way you can detect mistakes or fraudulent charges. To limit your liability, you must deal with these immediately.



**Parents struggle to save for college, but some of the biggest money challenges don't have anything to do with paying the tuition bill. What happens if a child gets in an accident or suffers a sudden health emergency? What if a natural disaster - a la Hurricane Katrina - displaces a student without an action plan? What if your child gets in trouble with credit or botches his bank account?**

**Before junior heads off to college, it makes sense for parents to develop a "worst-case scenario" plan for money disasters that can affect both parent and child.**

**Some ideas:**

**Consider an advance medical directive for your child:** If your child becomes sick or is hurt at college, how would you feel about a doctor you've never met administering a course of treatment that could be at odds with previous medical history? If your child contracts a virus, would you be content with overnight treatment at the school's student health center, or would you want your child transported to the closest major hospital? An advance medical directive isn't simply for terminal conditions for older people. The creation of such a document by your attorney can spell out in precise language how you and your child want a sudden or chronic medical issue handled. Have a serious discussion with your child to incorporate his or her wishes into this document, and then check with the school to see where it should be filed for reference.

**Make sure your child is insured:** From health insurance to renter's insurance, check with your health and home insurer to find out if there are ways to economically cover your child where he or she is going to school. Also, most schools will offer resources of temporary or short-term health insurance to cover students who are attending schools across state lines from their parents. Talk with a financial planner about these options. A good site for learning about health insurance options after graduation is [www.PlanForYourHealth.com](http://www.PlanForYourHealth.com).

**Put plastic on training wheels:** Many experts believe it makes sense for students to handle their first credit or debit card while at home. You might want to introduce them to plastic in their senior year of high school instead of their first year of college. Consider a lower-limit card that allows a parent to be a co-signer but puts the name of the student squarely on the card. Specific agreements should be made on what the card can be used for and what funds need to be set aside to pay the card in full each month.



## Getting Your Freshman Off to College the Right Way

**Make the student pay his tuition check:** Even if you are fortunate enough to have enough money to completely cover your child's tuition, make sure your child writes the check to the bursar. They need to know what an education really costs and they need to understand the importance of major payments made on time. That will get them ready for mortgages, car payments and hopefully, saving early for their child's education.

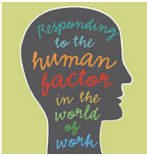
**Discuss financial aid:** Make sure you have an ongoing dialogue with your child about financial aid, scholarship and grant renewal.

**Discuss taxes:** Many college students with assets have their parents do their tax forms or have their taxes done by their parents' tax preparer. Even if the parent continues to handle tax preparation, parents and students should discuss tax issues at appropriate intervals so the student isn't clueless about filing when they are finally on their own.

In fact, it might be a good idea for the student to attend the meeting with the tax preparer so they understand how the process works and what important financial documents to keep handy.

**You and your kid should check his credit report - together:**

As long as your child is accepting your support, you should have them pull their credit reports annually so you can sit down and review them together. Not only will this teach the child the importance of building a strong credit rating and confirming the accuracy of their credit report on an annual basis, but it provides another level of parental oversight on the use of credit cards. If the student knows he needs to review his credit record with Mom or Dad, they'll know problems won't be easy to hide.



# Removing Time Wasters from Your Work Life

Wasting time can be good or bad. Sometimes we need to waste a little time to let go of the stress of the day. But at work, we may tend to waste time and not complete the tasks we really need to accomplish. Being able to recognize common time wasters is a key to avoiding them.

## Common, self-generated time wasters are:

- 1. Not Planning Ahead:** When we don't plan out goals or objectives, we can be overwhelmed by the magnitude of the task in front of us. In addition, when we start off on a project before planning, we can easily encounter roadblocks that we could've seen had we thought ahead. Create a list of priorities on a daily, weekly, and monthly basis. Keep it somewhere you can routinely see.
- 2. Being Disorganized:** You create more work for yourself when you don't know where things are. Ask yourself if you can easily find work-related items; if not, rearrange your workspace so you can work more efficiently. Try to keep separate areas for works in progress and accomplished projects. This way you can better prioritize your tasks.
- 3. Procrastinating:** We can waste a lot of time thinking about and putting off things that need to get done. Oftentimes, a task seems so overwhelming, that we don't know where to start. When this happens, break a big project into a series of smaller tasks, and give yourself a deadline. Reward yourself when you accomplish the goal. You can have other people check your progress. Ask a co-worker to check in on you regarding tasks you hate to do. Try to do undesirable tasks early in the day so you don't spend big portions of your day worrying about annoying tasks that you have to get to later on.

## Common, external time wasters are:

- 1. Unexpected Visitors:** If people tend to drop in when you are trying to work, move your workstation so your back is to the door. If an unexpected visitor comes in, stand up to talk; this will give the message that you have to get back to what you were doing. You can also thank the person for coming by, and say that you have an important task you need to get back to.
- 2. Telephone Calls:** A constantly ringing telephone can quickly get you off task. If you can't eliminate the calls, limit the time they take. Provide short, efficient answers, and end the conversation politely when both parties have the information they need. If you can control calls, use voicemail when you need it. Schedule times to take and to return calls, and let callers know the time slot that you are available.
- 3. Sorting Through (Or Avoiding Sorting Through) Mail:** A stack of mail on your desk can easily grow and become overwhelming. When you receive mail, sort it into stacks:
  - what's important (separated into stacks of "information only" and "need action")
  - what is addressed to others (if applicable)
  - what should be thrown away
- 4. Letting Your E-Mail Inbox Pile Up:** Delete junk mail. Don't use your work e-mail for personal e-mail; you could be tempted to handle non-work-related issues at-work, and end up wasting time that should have been used to get work-related duties accomplished.

*Written by Life Advantages - Author Delvina Miremadi ©2013*

Claremont EAP distributes this newsletter to provide employees with general behavioral health information. If you have concerns about these or other behavioral health issues, you can call Claremont to arrange for assistance. You will be directed to an appropriate, experienced professional who can offer guidance in a variety of work and family matters.

For confidential help, call: **800-834-3773** or visit [claremonteap.com](http://claremonteap.com)

