

Minimum payment = maximum pain.

When your monthly statement comes, there's a great temptation to pay only the minimum. Don't do it. If you possibly can, pay the balance in full every month. Otherwise it can take years, even decades, to get free of debt.

If an offer sounds too good to be true, it is.

Separating the good card deals from the bad and the ugly is a never-ending challenge. And once you're wise to today's tricks, the dealer will change the rules again.

So watch out for yourself. Don't let the big hype distract you from the fine print.

For the latest credit information from the U.S. government—everything from changes in the bankruptcy laws and how to get a free credit report—just go online to www.ftc.gov or mymoney.gov.



Credit Card Trick #2

**How a \$2,000
Cash Advance
Could Grow into
a \$12,373 Debt**



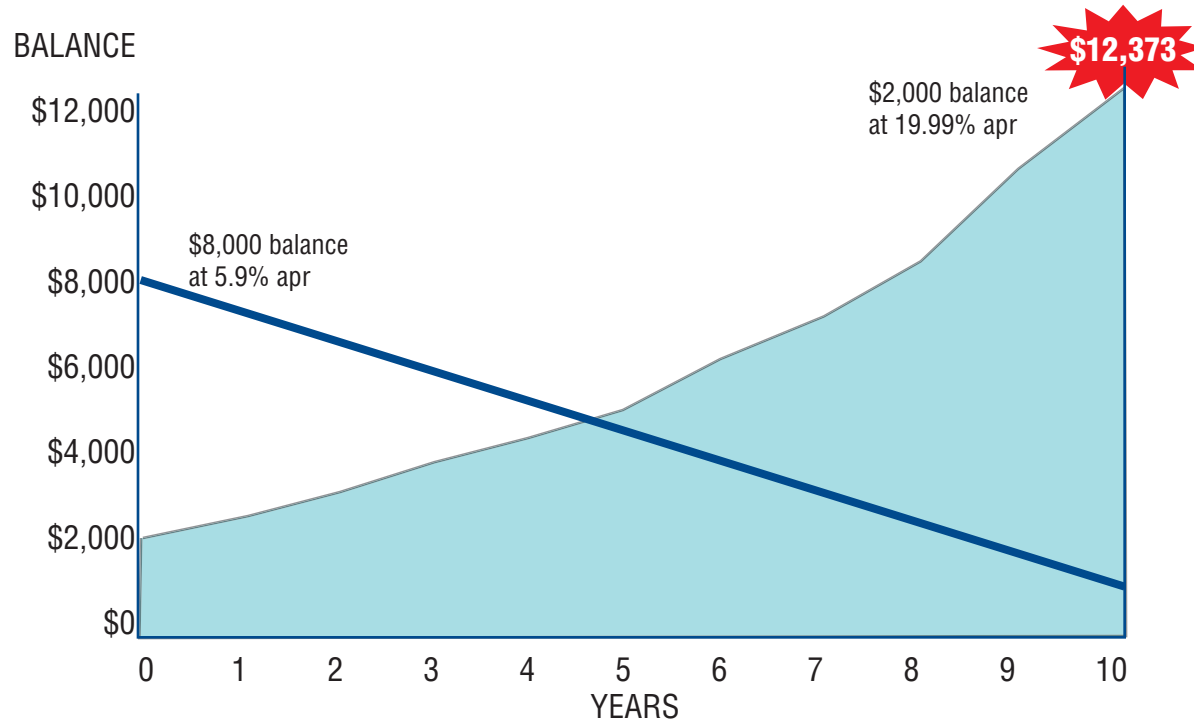
A Cash Advance Could Bury You In Debt

How a \$2,000 cash advance grows into a \$12,373 debt.

Example: To get a lower interest rate, you transfer the \$8,000 balance on your old credit card to a new credit card with a 5.9% APR. Then you use your new card for a \$2,000 cash advance.

But there are two catches. 1) Interest on cash advances is 19.99% APR. 2) The fine print reads, “Allocates your payments to balances with lower APRs before balances with higher APRs.” Which means that your minimum monthly payments are going toward the balance with the 5.9% APR for purchases. No payment amount is applied to the \$2,000 cash advance.

Translation: Until you pay off every penny of the \$8,000 balance that’s growing at 5.9% APR, you’ll have a separate \$2,000 balance growing at 19.99% APR. And slowly, quietly turning into a mountain of debt.



Short-term gain or long-term pain?

With some cards, you pay one rate for purchases and a higher rate for cash advances. Worse, your payments might be credited to balances with lower APRs before higher APRs.

It’s a common trick with a painful lesson attached. As you can see by the example to the left. But you can choose to chart a different course.

Tip: Pick a card with the same rate for everything.

Beware of credit card tricks.

On the road to financial independence, the right credit card can smooth the way. But the wrong card can throw up huge obstacles. Especially if you don’t pay off your balance in full after each month’s use.

Of course, paying it off every month can be tough. But when you don’t, the tricks some credit card companies pull can be a whole lot tougher.