



# Responsible Credit



## Credit Management

**L**earning to stay financially healthy is good for you, your family and your future. Here are some guidelines to be followed which can help insure your responsible and successful use of credit.

### ***Making Credit Manageable***

Wise use of credit demands ease of overview. You want to know the spread of your credit at all times. It's recommended you limit yourself to no more than four credit cards. To choose the sources of your credit, shop and compare. Creditors, banks and lending agencies vary greatly. At the very least, you want the lowest annual fees.

These may be available at your local bank, or may be found at an institution in a different state. Shop around.

Limiting your number of credit cards will simplify your record keeping and reduce your expenses. Wise borrowers know the monthly closing and due dates for each of their credit cards. This information allows them to plan their monthly expenses, protecting them against "surprises." Keep careful track of your expenses by saving receipts and canceled checks. Stores, banks and even computers have been known to make mistakes. You'll want to double-check your monthly receipts and bills.

### ***Managing Credit***

As a credit user, you'll want to educate yourself in the basic skills of credit management. Information and advice in magazines and on television can get you started. Those wanting the help of an instructor will find workshops and classes, many without cost, at adult schools, community centers and community colleges.

Wise consumers follow a personal money plan designed especially for them. Such a plan, designed around your income and expenses, will give you a realistic budget to follow. It will help establish guidelines specifically for your personal use of credit. Credit counselors listed in the yellow pages can help you create your own money plan.

Expenditures must be prioritized. You must decide which expenditures are necessary and which are luxuries. Credit can be used sensibly for necessary and large purchases that will outlast your payments on them, such as refrigerators or washing machines. Use of credit for everyday items, such as food or cosmetics, is discouraged.

A safe and comfortable debt load is realistically suited to your budget and needs. A safe debt load, excluding rent or mortgage, generally amounts to 20 percent of your monthly take-home pay. This load will allow you to balance your debt repayment with your monthly living expenses and savings. You can spend, you can save and you can use credit wisely. Balance is the key.