

CREDIT CARD CONTROL

by Rev. Thomas Soltis, SELC Stewardship Director

DELINQUENCY RATE DOWN

A benefit of the economic crisis is the reformation taking place regarding credit card use. For the first time in a decade, more people paid their credit card bills on time in the 3rd quarter of 2009 than in the 2nd quarter. The delinquency rate on credit cards is also declining toward 1 percent. Lenders are being controlled with new legislative regulations to protect the consumer. The best credit card regulator, however, is still the consumer. Credit card control ultimately rests in the hands of the one using the card.

CREDIT CARDS: BANE OR BLESSING?

When managed properly credit cards can be a great convenience and beneficial. When handled improperly, the result is financial disaster. Those who lived during World War II had the depression-era mentality of maintaining a balanced budget. If you couldn't afford it, you didn't buy it. If you didn't need it, you didn't get it. The idea to fully pay as you buy faded in the economic boom of the 50's. Easy credit enabled Americans to buy that larger home in the suburbs, the biggest refrigerator, the largest riding lawnmower, state-of-the-art electronics, more expensive cars, etc. But for many the convenience of acquiring things easily via credit created the disruptive monster - DEBT! U.S. credit card debt jumped 25% in the past 10 years reaching \$963 billion in January, 2009.

THINGS CREDIT CARD COMPANIES DON'T WANT CONSUMERS TO KNOW

Credit card companies prefer minimum monthly payments in order to make a profit on accumulated interest. As Jean Ann Fox of Consumer Federation of America puts it: "Credit card issuers make the minimum payment as low as possible not to do you any good, but to do them good." For example, if a person makes minimum payments on a \$2,500 balance at 18% interest, it will take 34 years to pay it off. By then, \$6,431 would have been paid in interest in addition to the original \$2,500!

GETTING RID OF CREDIT DEBT IS GOOD STEWARDSHIP

Those burdened with credit card debt should pay off the debt as soon as possible. This demands some serious self-denial and personal sacrifices. The advantages of being debt free are worth the effort. Financial stress will be diminished. Money saved by eliminating interest charges can be used to safely invest for future spending. There is great satisfaction in watching money multiply instead of being lost to creditors. The misuse of credit cards is poor Christian stewardship. God desires good management of the money He gives us. It is imperative to live within one's means. It is folly to spend more than is earned.



CREDIT CARD CONTROL

1. Limit yourself to one or two major cards.
2. Do not borrow from one card to pay another.
3. Protect your card with diligence.
4. Be sure to get your card after every purchase.
5. Do not give your card number over the phone unless dealing with a reputable company.
6. Immediately check your statement for incorrect transactions.
7. Keep your credit card account and emergency numbers in a safe place.
8. Pay the FULL amount due on your statement well ahead of the payment due date.

DISPEL GREED & BE CONTENT

The shortest route to unhappiness is discontent fueled by greed, envy and covetousness. I Tim. 6:9-10 warns: "People who want to get rich fall into temptation and a trap and into many foolish and harmful desires that plunge men into ruin and destruction." Heb. 13:5 advises: "Be content with what you have."

Live within your means!