



Top Ten Tips to Stop the Squeeze

- 1. Do not pay membership fees.** There's no reason to. Either call your customer service representative and insist that the fee be waived, or find a better deal at consumer-friendly <http://cardratings.com>.
- 2. Reduce your bank credit accounts to a maximum of two.** One for a monthly balance: a no-frills card with low interest (under 9.9% fixed or 7.9% variable). The other to be paid off each month: a higher interest rate card with benefits like free car rental insurance or annual itemized statements.
- 3. Make sure the "grace" period is at least 21 days.** And resist frequent flyer reward programs with membership fees unless you charge over \$2,000 per month. In general, the best rewards are cash-back programs—at least 1.0 percent of all charges--with some over 2.0 percent after exceeding a specified level. If you choose a "free" gift, make sure that the delivery fees are modest or you will "eat up" your hard-earned points.
- 4. DEMAND a lower interest rate.** Call your customer service representative and bargain over the phone. Play hardball and insist on talking to a supervisor--the worst they can do is say "no," and that's unlikely.
- 5. Lock in a fixed rate account now.** Interest rates are likely to continue to rise, including home mortgages.
- 6. Look out for the "bait and switch" maneuver.** If the credit offer sounds too good to be true, it probably is. Make sure that the credit card you receive is the one you applied for by carefully checking the terms--and if it isn't, demand the original terms or cancel the credit card immediately.
- 7. Monitor "fixed for life" interest rates.** It's not unusual for the 3.9 percentage rate that you started with to jump to 28.9 percent simply due to rising balances on other bank accounts or being late by only one day on a single payment--and we have the U.S. Congress-sanctioned "universal default" provision to thank.
- 8. Check for "tiered" interest rates on your account balances.** Oftentimes cash advances, normal purchases and low introductory "teaser" specials are charged at differing rates. Keep in mind these short-term rates can expire and leave you with a large balance at the higher rate.
- 9. Cancel unused credit accounts.** You may have accounts open you don't even remember, like store credit cards, harming your credit score. Check your free credit report at www.annualcreditreport.com and cancel the most recent accounts first.
- 10. Don't even think about a credit card "benefit" program.** These unemployment and disability programs are pricey and worthless. Use the premium you're NOT paying to pay down balances instead.

Adapted from *Credit Card Nation*, by Dr. Robert Manning