

The Credit Card Manifesto

# Completely Conquer Credit Before You Hit 30



Martin Dasko





# Credit Cards 101: You Deserve Some Credit

## Who gives a damn about credit cards?

*“The rich are different from you and me because they have more credit.”*

– John Leanord

**I owe you a big thank you** for taking the time and money to figure out exactly what credit cards are all about and how you can be much different from your friends. I don't want to see you fall victim to many of the same credit card mistakes as your peers. I want you to be different. I guarantee you that you'll be different after reading this because you'll have a much different outlook on credit upon reading this guide.

Let's get started...

*Are you tired of all of that annoying fine print that you're supposed to read when you sign up for a credit card?*

*Are you sick of those boring finance courses that put you to sleep?*

*Are you frustrated with always being confused about credit cards and your credit score?*

*Do you finally want to learn how you can repair your credit?*

*Are you sick of being in credit card debt?*

*Do you want to learn how-to use a credit card the proper way?*

You're not alone because many of us 20-somethings are in the same boat. I personally had a credit card for a few years until I really figured out what it was all about. It also took me a while to find out the pros/cons of holding that plastic in my pocket.

If you have that piece of plastic in your wallet right now or you're thinking about getting a credit card, this is the ultimate survival guide for you. You probably don't understand what holding a credit card is exactly about yet. You know how to use a credit card and you roughly know how the process works.

*Do you really know the true benefits of a credit card?*

*Do you know the real consequences of not using your credit card appropriately?*

*Do you know how you can save thousands of dollars just by building your credit?*

This small investment in this guide will benefit you exponentially through your 20s. All I will say for now is that the next few pages can help you save thousands of dollars directly and indirectly over the next few (and most important) years of your life. That's money saved that you could put towards amazing stuff.

Using your credit card properly, you'll save a ton of money. You can use your savings towards:

- ✓ Trips (a wild booze filled trip to Mexico or a backpacking stint in Europe).
- ✓ A new car (so you don't have to borrow the family van anymore to pick up dates).
- ✓ Moving out (you can finally have friends over).
- ✓ Anything else you want (I don't know what you're into!).

A couple grand can go a long way during the next few years. Just imagine the possibilities. You can save so much money just by understanding how to use a credit card. Such a simple skill can put you in a dominant position with your money by the time you hit the old age of 30 and you start having kids and all of that fun stuff.

Now to answer the original question: Who should give a damn about credit cards? YOU should and you will within a few pages.

## **Where's all this information coming from?**

Don't worry I'm not applying the classic blogging strategy of making shit up. I've been writing about personal finance on Studenomics ever since November of 2008. The whole time I've been reading books on personal finance, reading other blogs, interacting with readers, talking with friends, and generally doing insane amounts of research. A day doesn't go by where I don't learn something new in the world of personal finance. I love it. You don't have to love it. You just need to apply some of the things that you pick up in here.

The end result of all of my research is this ultra-detailed guide on credit cards and credit in general. You'll learn from my mistakes and accomplishments. You now have the luxury of having years of research compiled into one place.



# How I recommend you use this guide for maximum results

**I want you guys to get the most out of this.** This is why there will be three distinct events that will happen a few times throughout your reading of this guide. These three events will be:

## **Mandatory actions**

There's a few mandatory action moves in this guide. Mandatory means that you need to do it if the action applies to you (you don't have to complete actions on getting out of debt if you're not in debt of course).

Mandatory means that it's not just a suggestion or some idea that you'll forget about in five minutes.

This is where you're required to actually get off your ass and do something. I don't want you guys to just read this and then never use the material in here in your life. The mandatory action needs to be completed before you move on with your reading if you want to see the maximum results that you paid for.

And yes I want you to get the maximum results. I want you to get the most out of this guide. I'm not here to just take your money. I'm here to help you. I'm here to ensure that you see results. If you don't see any results then we both lose. Did I tell you that I hate losing?

**Deep & quick thoughts.**

Every few pages or so I'll throw out a quick thought that should really get you in the right frame of mind.

I'll also throw out a few deep thoughts throughout this project. The goal here is to get you thinking a bit more about that specific topic. I may want you to challenge a traditional thought or to just put more emphasis on a certain point. Some pieces of information you can skim over. Other points require deeper thought.

**PUT IT DOWN**

When I tell you to put it down, you need to put it down. There's just so much information that the brain can process in one sitting. Seriously. You ever try cramming for an exam for like four hours straight? We all know what happens. For the first hour or so you go strong. Then you hit the stage where your brain just goes blank. Your mind absolutely can't absorb anymore material and there's no point in reading something that you won't remember.

The same goes for reading something like this. It's best consumed when you read a little bit at a time. This way you're more likely to actually act on what you read and you don't suffer from analysis paralysis (information overload is a killer).



# What do I think about credit cards?

**This guide is all about YOU.** I just wanted to quickly share my views on credit cards in general. This way you guys will know what to expect from me.

If you think that credit cards are evil, I'm here to respectfully disagree. I just refuse to entertain the notion that credit cards are to be blamed for everything. Blaming a credit card company for being in debt is just like blaming a fast food restaurant for being out of shape. It's the easy way out. You're now an adult and you make conscious decisions every single day. You choose what food you put into your body. You choose how you spend your money.

You choose what actions you're going to take today that will affect you in the future. You make your own choices now. You're also responsible for your actions. You can have lots of fun and I fully support that. You just can't let yourself get into an absurd amount of credit card debt. The debt is just not worth it when you're in your late-20s and trying to make some big moves—oh and I'll cover the idea of being logical vs. emotional with your debt in here.

When it comes to credit cards and the accessibility for spending money, we must understand that we're all obviously influenced by marketing and society. Even the brightest of minds find themselves out of shape and in debt. I'm not here to judge. Life doesn't always go according to plan.

The good news is that you're reading this and you don't have to make the same mistakes as your friends. You can have more money and more fun (without ever going into debt). You can use a credit

card to build for your future, instead of hurting your finances down the line. A credit card can help you build that credit that you need for a home loan or a car loan when you're ready to settle down.

I wanted to take this moment to stress to you that I'm not going to get into balance transfers or any other complex credit card topics in here. This just isn't the place for it. This is a straight to the point, no-BS approach to dealing with credit cards and building amazing credit as a young adult. Are you ready? Let's go!





# Table of Contents

Life saving info on credit cards. ....	10
Why should I even care about my credit score?.....	17
How can I improve my credit score? .....	20
What are these new credit card regulations about? .....	24
Let's Master the plastic – How you can use credit cards to your advantage.....	27
How did I use my credit card for the past 5 years? .....	34
How should you NOT use a credit card? .....	39
How can you crush that annoying credit card debt? .....	42
What if you're almost done paying off your credit card? .....	51
What do you wish you knew about credit cards many years ago?.....	56
Final survival pointers on credit cards. ....	59
What's next?.....	62



## Life saving info on credit cards.

**There are some very important facts** about credit cards that we need to go over before you apply for a new card or ever use your card again. This information will save you a boatload of money in your lifetime (especially the next few years).

What's the life saving info that you need to know about credit cards as a young person?

**A credit card is essentially a free short-term loan for those that pay off their monthly balance on time.**

Whether you don't have the money at the time or you just don't want to pay for it for whatever reason, a credit card can relieve you as a short-term loan. If you pay off your balance on time every single month, you'll be receiving a free short-term loan from the credit card company. This is how smart people (YOU) do it and see it.

.....

### Quick thought

*Unfortunately, this is usually not the case. A credit card ends up being viewed as a source of "free money." This inevitably gets many 20-somethings into major debt. Yikes. We'll get into this later on. How do you view your credit card right now?*

.....

## **You can't stress about the credit card horror stories.**

There are many horror stories out there about credit cards causing massive debt and headaches. We all know about how someone got a credit card at 18 and then claimed bankruptcy at 22 because they racked up so much debt and couldn't pay it off. We also all know someone that owes \$20,000 or some absurd number on their credit card balance. This doesn't have to happen to you.

There will be many negative stories about credit cards. You can't let them discourage you. You especially can't let these stories scare you. There's no guarantee that holding a credit card in your wallet will put you into debt. You have the knowledge and ability to implement systems to be much smarter than that. You can do great things for your financial future with that piece of plastic.

## **You don't have to pay interest all of the time with a credit card.**

I'm not sure how this myth got started. You only pay interest when you miss a payment or don't pay off your balance in full. You usually get about a month from the time of purchase until you have to pay the money back. The payment period all depends on your credit card cycle and when your balance comes due.

The reason that I even brought this up is because I've heard first hand from college students that are worried about getting a credit card because they feel that they have to automatically pay interest on all purchases. This is not true.

As long as you make your payments on time, everything will be cool. The key is obviously to ALWAYS pay off your balance.

You'll get your short-term interest free loan from the credit card company as long as you pay it off when the bill shows up in the mail. I do this all the time. I put my major purchases (my flat screen—oh yaa) on my credit card. I even do this when I have the money in my checking account. When the bill comes, I transfer the money over from my checking account. I slowly improve my credit score and I get into the habit of being a savvy credit card user (take that credit card companies!).

.....

### Quick thought

*Do you know how you can build your credit score with your card? We'll get into this soon so don't go running away.*

.....

### Credit cards are a great way to track your spending.

If you have the money waiting on standby in your checking out to transfer over, you can use your credit card for your purchases. Then at the end of the month, you can check your balance online or the one you receive in the mail to see where your money went.

When I wasn't sure where my money was going, I used this strategy for a month to see exactly how I spent my money and where it went. Most places accept credit cards (well most legit places). You can use your credit card to pay for everything. Then when you check your statement you might be surprised to see how much money you spent on something like food or new clothes that were "on sale."



Tracking your spending with your credit card will help you identify your problem areas. Once you find out what your financial leaks are you can begin working on improving them. It's easier to start saving money on your main problem areas then it is to decide to save money on everything. Saving on every area at the same time just doesn't work. It's the equivalent of beginning a new workout program and trying to cut out all junk food at once. Not going to happen.

Finding your problem areas is a great way for how a credit card can be used to your advantage if you're looking to tighten up your finances. For more on saving money you know where to go (Studenomics.com).

### **Credit cards offer much more protection.**

Credit cards offer extra protection for your purchases that you simply won't get with cash. You can either get an automatic extended warranty for up to a year or automatic insurance coverage on a car rental. This means that you don't have to buy any of the BS plans that some sales person on commission is trying to sell you on at the electronics store.

There's even more protection from credit cards. When you go away for a trip and your credit cards gets stolen or used by someone else, you'll be protected. You have to call your credit card company and put the claim in. Your money will be returned once the investigation concludes.

If you have any money stolen from you out of your pocket, you're usually out of luck. You'll never see this money again, unless you have the best insurance provider in the world. If someone falsely uses your credit card, you can have your money returned. Hopefully this never happens to you. It's just good to know that you won't be totally screwed if it does happen.

I also took some time to look around for other hidden credit card perks that we may not know about. I was able to find an interesting list of some additional credit card benefits on [Forbes](#):

1. Car Rental Loss/Damage Insurance
2. Extended Warranties
3. Purchase Protection
4. Security from Unauthorized Purchases
5. Travel Accident Insurance
6. Trip Cancellation Insurance
7. Lost Luggage Insurance
8. Travel Emergency Assistance
9. Emergency Assistance
10. Roadside Assistance

My only suggestion for using the protection that comes with credit cards is that you ask in advance to be totally positive what your specific credit card offers.

### **Credit cards can help you build your credit score.**

I obtained a mortgage in my early-20s because I was able to build my credit score over the years by using a credit card. A credit card is the fastest way to use credit. It's also the quickest way to get access to credit. If you pay off your balance every month, use your card for large purchases, increase your limit, and repeat this process for an extended period of time, you'll build a solid credit score when the time comes to go shopping for a home mortgage.

How does a credit card help you build your credit score? First we need to see what makes up your credit score:

- ✓ Payment History – 35%
- ✓ Total Amounts Owed – 30%
- ✓ Length of Credit History – 15%
- ✓ New Credit – 10%
- ✓ Type of Credit in Use – 10%

If you take a quick look at this breakdown you'll understand how important it is to make your payments on time for an extended period of time. You'll also see how a credit card can affect literally every area of your credit score.

.....

### Quick thought

*Do you believe that the piece of plastic in your wallet can affect the interest rate that you pay for your home mortgage in the future?*

.....

We'll stop right there with the life saving points on credit cards. You're covered for now. Let's move along to the next section with the thought that I just hit on with your credit score.

## Put it Down

That's enough information for now. I think that you deserve a break for now before we get into the importance of a credit score. You can go watch Jersey Shore to get your mind off anything that's even remotely serious.





# Why should I even care about my credit score?

*“Procrastination is like a credit card: it's a lot of fun until you get the bill.”*

– Christopher Parker.

**What's the big deal** about your credit score? Why should I even care about this number?

It's all about putting more money into your pocket. The unforgiving truth is that a poor credit score means that you'll have to spend more on interest payments throughout your life.

Why will you spend more money on interest? You'll get destroyed on interest rates that you pay for a car and home in the future. You can argue that you won't make any of these purchases until you have the money fully saved up, but let's be honest. Most of us do acquire a car loan or at the very least a home mortgage in our 20s. Financing a home or car is not rare at all.

Without a credit history or with a poor credit score, the lender will be very hesitant to loan you the money. They'll either ask you for a co-signor or charge you a higher interest rate to mitigate the risk of you not being able to pay the full amount back.

Basically, you'll pay LOTS more money on interest than you even want to think about. All this because the person lending you the money looks at a number that indicates to them that you're essentially not to be trusted with borrowing money.

This number was created when you were in your 20s enjoying life. It sucks, but that's just how it works. The good news is that you'll learn how to build your credit score back up in a few pages from here.

Back to the original point. Why do you have to spend more money on interest just because of a low credit score? How does this even make sense?

Think about it from this point of view. Let's look at a realistic example:

*Compare two of your closest friends, Jack and Amir. Your friend Jack has a history of taking forever to pay you back and always coming up with excuses for not having the money. Jack also has no shame when it comes to asking to borrow money fairly often.*

*On the other hand, your friend Amir rarely borrows money from you, unless he absolutely needs the money. When he does borrow money he makes sure to pay you back the next day or as soon as you ask for it.*

*A few months down the line both Jack and Amir come over to see you on the same day asking you to borrow \$1,000 for a new car. Jack assures you that he'll pay you back. Amir promises to pay you back in exactly 30 days.*

*Amir is trusted with money so you decide that you will loan him the cash but you'll charge him a small interest rate. Jack, you don't even want to loan the money to. You know that he might not even pay you back and you're concerned about when you'll see the thousand dollars again. You might not even loan him the money. If you do loan him the money you'll charge him a high interest rate because you want to ensure that you get your money back at all costs.*

What does this example prove about your credit score?

The key take-away is that this shows you the significance of a positive credit history. If you're trustworthy and build up a history of paying back money when you borrow it, you'll waste less of your hard earned money on interest. This will be reflected in that three-digit number better known as your credit score.

Of course the lenders will hate you because they make less money of you. Conversely, your bank account will thank you.

I know that thinking about your credit score in college or when you're 24 and making real money for the first time is like thinking about buying a station wagon and having kids. Just please take my word for it. If you take care of your credit score now, you'll be 100% glad that you did in the future.



# How can I improve my credit score?

**The beauty about investing your money** into this guide is that I'm here to help you build for your future and also to fix your past mistakes. I wanted to share four quick ways that you can improve your credit score if it sucks right now.

## **Pay down your debt.**

The obvious solution to building your credit score is to get aggressive with paying down your debt. This topic is covered a million times in here and I'm assuming that your goal is to become debt free so I'll just move on to the other tips for improving your credit score.

## **Fix errors on your credit report.**

You need to check your credit report so that there are no mistakes on it. Human beings make mistakes. Some credit report errors are as minor as a typo. I've also heard of stories where one late payment is counted twice or where one type of loan is counted twice. If you notice any major or even minor errors you need to get them fixed immediately.

Where can I check my credit report? The best site to check is [annualcreditreport.com](http://annualcreditreport.com). This website is approved by the U.S government. There are many other sites that try to rip you off. This is the most trusted source.

When you get access to your credit report you need to look over it meticulously to ensure that everything is correct. This is one of the most important documents and it needs to be treated as such.



When getting an issue resolved with your credit report I have one important piece of information for you. Instead of trying to get the credit bureau to fix the issue, it's often recommended that you contacted the source (usually bank) that made the error.

The reason for this is that the source reported the mistake in the first place. Since banks report their information to the bureau every 30 days, they'll just report the same wrong information if you don't get it corrected.

.....

### Deep thought

*Do you know the difference between a credit score and a credit report? Your credit report is the actual data on your credit history. Your credit score is basically the conclusion of your credit report in the form of a number. This number is determined by some complex credit-scoring model. Oh and your credit report doesn't include your score. I know this isn't the greatest topic for a first date, but understanding this is very important.*

.....

### Make your payments on time always!

You can't dwell on the past. Moving forward you need to do everything humanly possible to make your debt payments on time. You don't want your score to be hurt any more than it already has been.

## Get another loan (although very risky)

Sometimes the reason for your poor credit score could be the fact that you're really young or just haven't built up a long enough credit history. You could be doing everything right and the only thing holding you back is time. This is why the recommendation is to get another loan so that you can work on your credit score.

The major setback with another loan is obviously the fact that you could get yourself into unnecessary debt.

For what it's worth (and to look smart) I wanted to share the types of loans that exist out there.

Two types of loans:

1. **Revolving.** This is where you have a limit and will be allowed to borrow money as long as you don't pass your limit.
2. **Instalment.** This is where you have a schedule to pay off your loan. You make payments until you've paid the money back.

.....

### Quick thought

*Have you ever heard a friend justify a car loan as a way to build their credit history? I've heard this excuse far too many times. I really don't want you guys to get yourself into debt just to "build credit." My quick thought is to basically ask yourself when the time comes up if you're really building credit or if you're justifying acquiring debt?*

.....

Next up I need to cover the Credit Card Act of 2009 and its importance. I couldn't write about credit cards without getting into this act.

## **PUT IT DOWN**

Man was that a lot of information or what? Your credit score/credit report is very important. Please take a moment to absorb this material before you continue on.



# What are these new credit card regulations about?

**Before I get into smart credit card use,** I want to throw out a few facts about the new credit regulations that were brought to us by the Credit Card Act of 2009. I just couldn't write about credit cards without touching on this.

**If you're under 21 you're going to have to either prove your income or find a co-signor.**

No longer can those with no job be given access to a couple of hundred dollars just by signing a few papers. You need to prove that you have an income coming in so that you can be given access to credit. Makes sense to me. How were those people planning on paying back the money they borrowed without any cash coming in?

If you can't prove your income, but want a credit card just to start building your credit history, you're going to have to bother one of your relatives or anyone else that you can find to co-sign for you. You better be nice to them for the next week or buy them a coffee next time you see them.

**College students can no longer be taken advantage of.**

The new law doesn't allow credit card marketers to solicit their products on the college campus. The company is also not allowed to offer a "free gift" as a bonus for signing up for a credit card.



In the past credit card companies were known for setting up their booths right on campus where freshmen would be forced to take notice. Just to entice students to sign up for a credit card they usually offered a “free gift” in the form of a frisbee or a school shirt

**You’re now informed of how long it will take you to pay off your credit card balance while making just the minimum payment.**

When I received my first ever credit card statement I was ecstatic to find out that I only had to pay a minimum payment of \$20. I thought that this was such a great deal. I borrowed so much money and I only had to pay back a small portion of it. I brought this up to one of my professors in college. Then I was shocked when I found out that this payment usually just covers the interest.

**Credit card companies can no longer blatantly rip us off.**

Generally speaking, we’re now safer as credit card users. The company needs to warn us ahead of time before increasing the APR on our card. This is excellent because there have been too many horror stories of honest people getting hit with an absurd interest hike out of the blue.

With all of that being said, by now most companies have found a few ways around this act. According to Dave Ramsey a number of interesting loopholes have been observed. Here are a few of the loopholes that the credit card companies have managed to pull off since the act has been introduced:

- ✓ Credit card companies will not market “on campus.” They will however setup booths in common areas right off campus where college students are bound to see them. The definition of “campus” has been blurred.

- ✓ Some students have gotten away with listing their student loan debt as income. I don't even want to start my rant on this one.
- ✓ When it comes to gifts, you may not get a t-shirt any longer, but they'll offer you an "account credit" to entice you to sign up. That \$50 signing bonus can be a nice little incentive when you're already in the market for a credit card. If you're clueless about how credit works that \$50 is just a way for the company to hook you in.

As usual, I strongly advise you to pay off your balance every month.

The overall issue with credit cards is still the same regardless of government regulations or any studies that are released.

Just because you warn people of the inherent risks, it doesn't mean that it'll deter poor behaviour. Cigarette companies have been forced to mention disgusting facts on their packages about how you might get lung cancer or how smoking can lead to erectile difficulties and I still see people smoking everywhere.

Now we can move on from the act and figure out how we can master the plastic in our wallets.



# Let's Master the plastic – How you can use credit cards to your advantage

*“A man asked a fairy to make him desirable & irresistible to all women. She turned him into a credit card.”*

– Unknown

**I really want to give you a big hug** for investing your time and money into this guide. I love to see young people making moves in the right direction. This next section alone will help you master the plastic so that you're a stud when it comes to using your credit card.

This next chapter will also help you save LOTS of money in your 20s and for the rest of your life.

Alright, so how do you use a credit card as a young adult to get ahead financially? Actually let me rephrase that—let's figure out how to take advantage of credit cards while our friends get into massive debt!

## Find the right credit card

This is the first step. You're going to want to find the credit card that's right for your situation. For your first piece of plastic a basic rewards credit card with no annual fees and the chance to get some money back is ideal. The 1% cashback rewards doesn't sound like much. The way I see it is that if

you're not paying any fees and you can earn a few bucks for making standard purchases, then why not?

I'm not going to throw out useless tips and leave you guys hanging. I hate when "experts" do that. I want to get into as much detail as possible with everything.

Let's sidetrack a little to see what makes a credit card right for you...

I would advise that you get a credit card that's connected through your current bank account for your first time. I got my first credit card when I turned 18 with my local bank mainly for the convenience alone. I didn't feel comfortable with signing up for a random credit card online at the time. I also didn't want to be tricked into signing up for a card that came with a free shirt on campus. Although I did have a friend that was so into the free gifts that he would go looking for credit cards to sign up for to get his free stuff.

The most important points to help you find the best credit card for your situation as a beginner are:

1. Find a card with no fees.
2. Find a credit card that you'll hold onto.
3. Get rewards that you care about with your credit card.

You can also go to [bankrate.com](http://bankrate.com) to compare credit cards and get more information.

.....

### Thoughtful tip

*The only time a credit card with an annual fee can be worth it is if it's a points based card where you see yourself saving money in the long run. With a points based card you can earn free flights and other cool stuff if you use your card enough. This totally depends on how often and how you plan on using your credit card.*

.....

### Start off with the smallest limit possible.

I don't care how responsible you think you are right now. We all think that we're super responsible. When you first get a credit card you need to start off with the basic \$500 limit. Once you get into the habit of never paying interest because you always make your payments on time, you can then slowly start asking for an increase. You must remember that if you increase your credit limit, that's more money that you have access to. This could spell disaster for those that aren't ready.

I went from \$500 to \$1000 and now I'm at 13 grand. I know that \$13,000 is a lot of money to have available to you. I didn't make this change until I was using my credit card responsibly for well over a few years.

I will repeat myself just to get my point across. Don't increase your limit until you're absolutely in control of your spending. Spending money isn't a mental thing. Just because you feel that you can get better or try harder to save money it doesn't mean that you will. You need to see results first. More money available to you in the form of credit can be a complete wreck if you don't have control of your spending.

## **Treat your credit card like a debit card.**

When you treat your credit card like a debit card it means that you only spend money that you have. That means that you can't buy those \$400 Gucci shoes on your credit card if you don't have the money in another account waiting to be transferred over.

What's the point of even using your credit card like this? It's simply just a decent way to build your rewards and your credit score if you have the self-control to only spend money that you have.

## **Automate your monthly payments to your credit card.**

We all have monthly payments that we can automate to our credit cards. Over the years I've slowly automated my main bills (cell phone, gym, insurance) for the convenience factor and to help build my credit history.

If you start building your credit in final years of college, it will go a long way towards landing you a high credit score as you apply for a home mortgage when you're getting married. The higher your credit score, the lower your interest rate—and yes I'm trying to repeat myself intentionally. Some of the key concepts will be drilled into your head over and over throughout this guide until you can't forget them. Kind of like when your parents tell you not to drink and drive. Certain advice is worth repeating a million times over.

## **Pay off your monthly balance.**

This goes without saying. You have to pay off your monthly balance. I'm going to assume that your goal is to pay off your balance.

We all want to make good decisions. Real life just gets in the way sometimes. Nobody gets a credit card with the plan to not pay it off. Nobody plans on getting into massive amounts of debt with a credit card.

However, just like with the many times I said that I would only have one drink or not mix alcohol, shit happens.

We have the best of intentions but we don't always go by our best judgment.

What will happen if you don't pay off your monthly balance or if you flat out miss a payment? What are the consequences of missing a credit card payment?

- ✓ Your credit score can go down 100 points.
- ✓ You can get charged a late fee of over \$20 at least.
- ✓ Your APR can get increased to a ridiculously high rate.

What if I miss a payment by accident? It happens. My advice is that you try to make your payment ASAP. When you do make the payment I urge you to call your credit card company to speak with a customer service rep. You need to ensure that this late payment won't be reported to the credit bureau. Once the late payment is reported it'll affect your credit score. I advise that you beg and plea so that they don't report this late payment.

If the late payment has already been reported, you're going to have to go on the defensive and suck it up. This means that you better not miss a payment again. Moving forward things should go back to



normal if you make all of your other payments on time. It won't be a permanent setback. It'll just be a kick in the butt. We all need a kick in the rear to wake us up sometimes.

### Take advantage of rewards.

Yes there are rewards to using a credit card. I already touched upon this earlier and will dig into a bit further later on.

The types of rewards that you can take advantage of all will depend on the credit card that you sign up for. With my cashback rewards credit card I get a few hundred dollars reimbursed at the end of every year. My mom recently took advantage of her rewards card to order a free digital camera (well as free as it gets). There are many different rewards options. It's important that you get rewards that matter to you.

I really can't go much further right here because I'm not sure what rewards are offered to you and what you care about.

### Avoid doing the following credit card killers.

We all make mistakes when it comes to our money. The amazing part is that you invested your money into this right here so that you can learn from my mistakes. There are two things you really need to avoid doing while trying to build your credit:

1. **Closing accounts.** If you plan on making any huge purchases (car or home) in the near future, you need to avoid closing any credit card accounts. Closing accounts has a negative impact on your credit score. Your credit score will go down and you'll be given a higher interest rate when you go for that loan.

Closing a credit card account is also a poor short-term strategy that doesn't address a negative behaviour. If you can't resist yourself from buying the newest iPad with your credit card, maybe you have other problems.

2. **Playing the zero percent transfer game.** This is simply too complicating and usually not worth the hassle. The rates are usually introductory offers and you're back to normal after a few months. There are also conditions that will confuse the hell out of you.

## Repeat.

This is a linear process that will take some time. There really are no shortcuts. It's kind of like getting in shape. You just need to do the right things consistently for a decent period of time.

The best part is that you won't even notice yourself making these smart financial moves because everything will be automated and running on auto-pilot. This means that you'll be building your credit score while being a master with the plastic.

So for the 99<sup>th</sup> time, a higher credit score will lead to a lower interest rate on loans in the future. This means more money in your pocket. It's a pretty sweet setup if you asked me.

Now you must be thinking: is this dude full of shit or did he actually do this stuff?

Fair enough. I understand your doubts and I actually hope that you're always sceptical when reading new material. This is why I wanted to write the next section.



# How did I use my credit card for the past 5 years?

**I hate it when I read advice** from someone that appears to be all-theoretical and never actually been applied by the “expert” sharing it. Any asshole can give out random tips. That’s the easy part. The difficult part in life is always about actually applying the advice that you give out so casually to others. This is why I wanted to share my credit card history with you.

I’ve now been using a credit card for over five years now. I opened up a credit card with my local bank as soon as I turned 18. I’ve made some smart moves. I’ve also done some dumb stuff.

The bottom line is I wanted to share what I did right and wrong with you guys so that you can learn from both.

## The right ways I’ve used my credit card:

### 1. Paid off my balance monthly.

I’ve become excellent at paying off my balance on time every month. You might be thinking that this is a no brainer because you’re supposed to pay off your monthly balance. The problem is that many young people don’t pay off their balance because they spent money that they didn’t have and now have no way to cover this bill. The end result is credit card debt that will just add up over time.

As tempting as it can be to spend my cash, in my checking account, I’ve always forced myself to pay down that damn credit card bill in full. I really didn’t want to get nailed with those interest charges. That’s beer money out of my pocket.

## 2. Built a credit history.

I automated all of my monthly expenses to my credit card. This has allowed me to build a credit history without much effort. As mentioned earlier, I automated the usual expenses: gym membership, online subscriptions (not what you're thinking!), cell phone, and insurance.

I wanted to build my credit history without going the typical route (a car loan). This is why I decided to automate all of my fixed monthly expenses to my credit card. I'm assuming this is what helped me secure a home mortgage at such a young age.

.....

### Quick thought

*Just because you automate your payments does it mean that you don't have to check your actual bill? NOPE. I highly recommend taking a look at all of your bills to ensure that you're not being over charged. Bill automation is intended to simplify your payments so that you don't miss any of them.*

.....

## 3. Paid for major expenses.

Since I use a cashback rewards credit card, I've taken advantage of this by putting many major expenses on my card. Whenever we plan a group trip I put it on my card. Whenever any major purchase needs to be made I put it on my card. I've put all of my major purchases on my credit card over the years.

The only caveat is that I make sure that I have the cash from everyone in hand before I put anything on my credit card. I don't want to go around chasing friends for money. That's not cool.

I also need to stress that collecting money from your friends is not a good idea if you can't handle holding cash in your pocket. More on this in a bit.

When I make a major purchase I only do it if I have the money in a savings account ready to transfer over. I'll never make a major purchase or any purchase on my credit card if I don't have the money waiting in a checking account to move over.

Paying for these major expenses has helped me build my credit and earn some money back.

### **The wrong ways my credit card has been used:**

I got to show off for a bit. Now I need to confess to the mistakes that I made with my credit card over the last few years.

#### **1. Not depositing the money right away.**

As I hinted at earlier, collecting cash from your friends when you put the purchase on your credit card can really screw you up. On many occasions I decided to cover the bill at the bar on my credit card and collect the cash from everyone for his or her share. It just makes things easier to put the bill on one credit card.

The major problem is that now you have all of this physical cash on you. I must shamefully admit that I've blown this money a few times. It feels like free money and you just can't help but spend it when you don't have strict self-control.

This is why I warn all credit card rookies to avoid putting the group bill on your credit card until you're absolutely in control. Walking around with extra cash in your pocket is a bit too tempting for me (especially after a few drinks).

I also don't recommend any complex financial strategies (transferring money from accounts) to anyone that feels they can't be trusted with a credit card yet. You'll get there soon.

## **2. Over spending due to convenience.**

I must warn you guys that the best of us can fall victim to the convenience factor that comes with a credit card. It's just too easy to spend money when you don't ever actually physically see it. There's a certain feeling of detachment that comes with using a credit card for purchases.

I personally like to carry cash when it comes to going out for drinks or grocery shopping. I enjoy my beers and I love my food even more. If I carry a credit card at these times I just don't trust myself. A credit card provides you with limitless spending. When I'm out I might get too generous and buy drinks for everyone. When I'm hungry I might end up with like 6 bags of Doritos. I feel more in control when I carry cash when grocery shopping or going out.

I find that the biggest criminals when it comes to over spending with a credit card are the online merchants. I have my credit card setup with iTunes and Amazon. I'm okay with iTunes because I don't really care for apps.

Amazon on the other hand is a mega issue. I'll be checking out my cart with one book that was on my mind for weeks. Next thing you know and Amazon is suggesting a few other books to me. After

browsing around for a few minutes, I find myself with three more products that I wasn't planning on buying. Damn Amazon and their phenomenal marketing strategies.

It can be highly convenient to over spend with a credit card and I'm guilty of this.

I advise that you don't put a credit card to any online merchant at the beginning. The merchants are so kind that they save all of your information so you don't even have to get your credit card out of your wallet to spend money. You likely won't even have to re-log onto your account. You just click on the book that you like and it's all yours after a few clicks of a mouse. How convenient!

At the end of the day I hope that you guys can learn from how I've used my credit card properly and from my mistakes. It's much cheaper to learn from someone else's mistakes.





# How should you NOT use a credit card?

*“I know a baseball star who wouldn't report the theft of his wife's credit cards because the thief spends less than she does.”*

– Joe Garagiola

**You now know how to master that plastic** and why your credit card is so important. What about behavior to watch out for? Are there any certain credit card usage techniques that need to be avoided? You already know the answer. There are plenty.

I didn't want this section to be 45 pages long so I narrowed it down to the biggest culprits when it comes to credit card mistakes. Let's take a look at two ways that you should NOT use a credit card.

## **Using a rewards credit card as encouragement to spend more money.**

Don't laugh just yet. I realize that nobody out there's going to get a rewards based credit card with the intention of spending money foolishly. We don't actively plan on doing anything stupid, unless we start the evening off with 8 beers.

The inherent risk with a store specific rewards credit card or any incentive-based card is that it might lead to an increase in spending. As I mentioned earlier I've been guilty of spending money on my credit card idiotically out of convenience. Well, reward cards are public enemy number one here. It's easy to get tricked into buying some useless crap or spending more money to earn more rewards.

How many rewards do we even need? Is it worth spending extra money on crap that we don't need to earn some useless rewards? NOPE.

If you already have one of these cards then you need to guarantee that you're not unwisely spending money in pursuit of some useless rewards. Certain rewards can be helpful if you don't have to spend additional money to chase them.

.....

### **Mandatory action:**

*Avoid store specific reward credit cards. You don't want to fall into the trap of spending more money for some useless rewards. I see the ads up all of the time. You can earn an extra point by making some random purchase. Do you really need that point so badly? I didn't think so. Save your money and let the store keep its points.*

.....

## **Treating your credit card like an emergency fund.**

Your credit card is not “emergency” money. I'm sick and tired of this excuse. Your credit card is not an emergency fund.

Using your plastic for an emergency is acceptable if you forget to bring your cash with you or your money is in your online savings account and you can't withdraw the cash for 3-5 business days. This should only happen to you once. A credit card shouldn't be there to always bail you out. That's what

savings are for. An emergency fund (or savings account or whatever you want to call it) is what you can use to bail yourself out of a financial mess.

It's not cool to blindly use your credit card and justify it as an emergency expense. If you don't have the money to buy that \$200 pair of shoes, then you really shouldn't be putting it on your credit card. If you don't have \$30 for a cab ride home maybe you shouldn't be going out so far away.

If you need to pay for an unexpected expense and you only have your plastic on you, then go for it. Just make sure that you actually have the money somewhere to bail yourself out instead of getting stuck with a hefty credit card balance that will begin to accumulate interest. If you keep on justifying credit card transactions as emergencies then you'll be in debt for the rest of your life. When's the last time you had a real emergency?

.....

### **Mandatory action:**

*Setup a real emergency fund or a different savings account! It's critical that you have some money saved to deal with the curveballs that life will throw you. You can't always rely on your credit card to bail you out because it will catch up to you real fast.*

.....



# How can you crush that annoying credit card debt?

*“If you think nobody cares if you're alive, try missing a couple of car payments.”*

– Earl Wilson.

**Let's be brutally honest**, being in credit card debt sucks. Owing any amount of money to a credit card or another person sucks. You have to spend so much of your incoming cash on paying back something that you already experienced a long time ago. Instead of seeing the money from your paychecks, you need to use the cash to pay back some bill that comes in the mail every month.

This is why we need to work on crushing that annoying credit card debt for once and for all. Let's look at how you can destroy that credit card debt and live a debt free life:

## **Hide your credit cards for now.**

This isn't counter-productive to my earlier points. If you owe thousands of dollars to your credit card, you need to understand that you obviously have a problem with using credit cards. This is why you need to ditch your plastic while you work on removing your debt.

If you don't have the self-control to not spend \$100 on your credit card every time that you walk into a mall, then you really need to hide your card for now. Hopefully you remember where you hide your plastic because you're going to need it eventually.

From a logical point of view you're running away from the problem. On the emotional side of things you're getting rid of an element that's costing you money and stress.

### **Calculate what you owe.**

It's mandatory that you find out how much money you owe exactly. This way you'll actually see progress when you're paying down your debt.

Get all of your monthly balances and organize them to see where you owe money. You should check out worksheet A for the actual form to go through. You really need to figure this out so that you know exactly how much money it is that you need to pay back.

.....

#### **Mandatory action**

*Go through worksheet A to see how money much you owe and where you owe it. This will help you get started.*

.....

### **Request a lower interest rate on your credit card debt.**

If you never ask the answer is always no. Remember that line for every area of life. If you never asked your current partner out the answer would've been no. If you never ask for something you won't get it. Are people supposed to read your mind?

This is why I believe it always helps to ask. I strongly recommend that you call the credit card company (or companies) that are charging you the highest interest rate. You should kindly ask them for a lower interest rate.

How do you ask for a lower rate?

It's actually not that difficult at all to ask a question. We just have this unexplainable fear of picking up the phone and calling a stranger. I've been guilty of this far too many times. Once you start picking up the phone and calling random strangers, you'll get brave like a drunk person on Twitter.

Yes it can be nerve wrecking at first because so many of us have this weird phobia of making a damn phone call! Stop being lazy and pick up the phone. It's not that scary. I promise.

I recently helped a friend go through this process.

What you do is call that number on the back of your credit card or on your statement. You ask to speak with a customer service rep. Explain your situation to them. Tell them that you're serious about getting rid of your annoying debt. Show them how they've already made some money from you (all that interest you're paying for). Show them that you've become committed to becoming debt free. Then kindly request a lower rate.

You can also tell the company that you plan on picking up a balance transfer from another company. Trust me that they really don't want to lose you as a customer.

It's also important to remember that in negotiations it's he who cares less that always win. If you prove that you're willing to walk away this will create some strong leverage for you.

Now of course, every conversation with a customer service rep in a credit card company will be different. Not every employee will react the same way. You can always hang up on and try back another time.

I also realize that there are many complex scripts for your first phone call to a credit card company out there. You don't need a fancy script. You just need to follow the basic framework mentioned above.

.....

### **Mandatory action**

*DO THIS. Call the credit card company charging you the highest interest rate and kindly ask for a reduction. Track your results.*

.....

## **Consider consolidating your loans.**

Getting a reduced rate won't always solve all of your problems with your debt. If you have too many monthly bills coming in to even keep track of, you might want to look into loan consolidation.

When you consolidate your loans, the company you work with will buy your debt essentially and you'll only have to make one payment per month. This will simplify your financial life and give you a clear picture of where you stand.



You'll make one simply monthly payment and it'll be much easier to track your progress this way. Many of my friends and readers have praised this idea. The ability to make only one payment reduces the odds of missing payments and hurting your credit score.

However, there's one major setback with consolidating your debt. It'll take you a longer time to pay off your debt. Can you live with this? Is the trade-off worth simplifying your financial life? Only you can answer that question my friend.

### **Get rid of your crap for cash.**

Have you seen the movie Fight Club? I love the various themes presented in that movie. If you've seen the movie then you know all about the Tyler Durden philosophy about society and spending money. Durden believes that the things that you own end up owning you.

For example, when it comes to home ownership what this means is that the condo that you own will end up owning you. While trying to maintain an unrealistic or expensive lifestyle, you lose sight of everything else because you're always working and worrying about paying your bills.

When it comes to credit card debt I interpreted Durden's philosophy as this: you use your credit so that you can buy crap that you can't afford. Then you spend a long time trying to figure out how you'll pay this money back. Now these items that you once purchased so happily end up owning you.

Has this happened to you? Is your place filled with crap? Are your possessions taking over your life? Take a look around.

If the answer is yes, then don't stress too much. This is a really easy problem to solve. You just need to start selling off your crap and stop buying new junk. You can always find a way to get rid of your stuff.

If you want to start putting more money towards your debt, you're going to have to part ways with some of the crap lingering around your place. Since this isn't a guide about selling for profits online I'll share my quick mandatory action with you.

.....

### **Mandatory action:**

*Go on Kijiji or any other online auction site that you use. Find the closest item beside you that you no longer need and put it up for sale on the site. You should have a few replies in a matter of hours if your price is reasonable. Once you get your first item sold, try tweaking the process until you find a way to get rid of all of your other stuff. The quick win of selling your first item will get you hyped about selling the rest of your crap.*

.....

## **Figure out how you'll pay off your credit card debt.**

We're near the end and it's time for the most important part. The most important step to actually paying off your annoying debt is figuring out which plan you'll use. There are two popular schools of thought when it comes to becoming debt free.

First of all, it's stressed with both strategies that you should always make the minimum payment on each balance. Moving forward with paying off your other credit accounts you have two options:

*Option #1: The Debt Snowball Method introduced by Dave Ramsey. This strategy requires you to put the extra money towards the debt with the lowest balance. Once you make the minimum payment on all of your balances you put any extra cash that you have towards the balance where you owe the least amount of money.*

The goal here is to get a quick psychological win by eliminating a credit card balance from your life and seeing the direct result of your hard work. This is the emotional side of paying off debt.

This quick win will also create momentum. There's no telling how far you can go with this momentum. It could encourage you to find ways to save more money or to figure out how you can free up cash through selling crap. The euphoria that kicks in when you're killing off debt feels pretty damn great.

The obvious criticism with Ramsey's Debt Snowball is that it's not the mathematically correct option. You'll spend more money on interest on your journey to becoming debt-free by going for the lowest balance.

If you just can't get over the math issue here, then you can move on to reading about the next debt killing strategy.

*Option #2: You pay down the debt with the highest interest rate first. Once you make the minimum payment on all balances you put all of your other money towards the balance with the highest interest rate.*

As you can clearly see, this is the option that makes the most mathematical sense. This is the option for those of you that want to be logical with paying down your debt.

By getting rid of your high interest debt first you spend less money on interest on your journey to becoming debt free. If you're strictly about the numbers, then this plan will make you happy.

The only issue that I see with both strategies is the fact that there's no one-size-fits-all answer when it comes to personal finance or debt management. This is why you need to go with the plan that sounds the best to YOU. Don't base all of your financial decisions on what some "expert" that you've never spoken to suggests. Screw that. This is all about you and what works for your unique situation.

.....

### **Mandatory action**

*If your goal is to become debt free from credit cards, then you need to decide right now which strategy you'll use. Pick one and stick to it. Track your progress. If you like what you see then keep on going until you're a debt-free stud.*

.....

### **Keep on going.**

The final step is to keep on going. Becoming debt free will take some time. Regardless of the strategy and approach that you take, becoming free of debt doesn't happen over night.

The good news is that there is a light at the end of the tunnel. You don't have to be in debt forever. You invested your hard earned money into this guide. This means that you're serious about crushing credit card debt. I promise you that if you keep on going that it'll be worth it in the long run.

*"Remember today, for it is the beginning of always.  
Today marks the start of a brave new future filled  
with all your dreams can hold. Think truly to the  
future and make those dreams come true."*

– Unknown

### **PUT IT DOWN (this guide, not your beer).**

It's time to apply everything you read up until this point. Take some time to ensure that you've gone over the mandatory actions that apply to you.

Start making moves towards becoming debt-free. When you're ready you can pick this guide up again. You can come back earlier than expect if you find yourself losing focus. All I ask is that you don't read everything in one sitting.



# What if you're almost done paying off your credit card?

We've gone over **all of the important information** when it comes to credit cards and using them the right way. By this point you've figured out how you plan on getting out of credit card debt. You're also hopefully (you better be) starting to see some serious progress.

The next section is for all of you that are hardcore about paying off debt or are near the finish line in need of a little boost.

I'm also going to go under the assumption here that you're a busy person and that you don't have time to add more work to your schedule to make money. We all have busy lives and debt can't force us to stop living.

This is why I wanted to dive into how you can pay off debt with the income you that you already have:

## **Delay your spending.**

The first thing that you need to do right now is to delay a fairly major purchase that you had been planning. Sorry. Killing that last bit of debt is going to requiring some hustle and sacrifice.

When I need to save money hardcore style I start to delay spending in certain areas. I spend much less money on luxuries (shit I don't really need, but convince myself that I do when I have the money).

What are some examples of how I delay expenses? I will get my hair cut less frequently or I eat out less often. I force myself to prepare my own lunch or to eat very basic food (cans of tuna eww).

I'm 100% positive that you can delay spending in one area of your life so that you could put this money towards your debt. Think about it for a minute. Are there any specific purchases that you can delay off the top of your head? Can you delay that car purchase a few months? Perhaps you could post-pone that tropical vacation until your debt goes down?

.....

### Quick thought

*What purchase can you delay? Try delaying a few "important" purchases. You'll be surprised when you find out what you can live without. You'll be even more impressed by the dent this money will make on your debt. You're so close to the finish line!*

.....

### Cut out just one thing.

Cutting out one expense from your spending is just as important as delaying a future expense.

I don't want you to live a miserable life. I don't want you to hate me for recommending that you stay at home playing board games on a Friday night while everyone else is out. Anyone that suggests you live like a miser needs to wake up and start living in the real world. I just think that you can easily find one thing to cut from your spending routine.



I know that if I ever needed to aggressively pay off debt I would stop driving everywhere I go or downgrade my cell phone package. We all have routines and purchases that could be cut when paying off debt becomes a priority.

.....

### **Mandatory action**

*Figure out how you can cut out \$100 from your monthly expenses. Put this \$100 towards your debt, depending on which debt payment strategy you're using. If you can't cut \$100, then try to cut anything. Even \$20 helps. This is all cash that's helping you become debt-free!*

.....

### **Stop using your credit cards.**

I'm going to reiterate this point again. If you don't trust yourself with a credit card, then don't use one at all. Don't keep the card on you. Don't walk into Footlocker with your plastic in your pocket during a sale.

I wouldn't recommend cancelling a credit card, but you could hide it in your closet or leave it with one of your parents until you become debt free.

Once you see your debt going down, the temptation creeps up again to start spending to reward yourself for your effort. That's the problem. One step forward, two steps back. Screw that.

You need to find a way to stop using your credit card for useless purchases when you're trying to pay off your debt. Once again, how you do this is up to you.

These three super tactical pointers WILL give you the push that you need when you're closing in on being free of your debt.

For some more insight, I wanted to point out a few of the super helpful thoughts left on an article with a similar theme by the loyal readers of Studenomics (I always love to see readers helping each other out):

**Reader Tiffany:**

*Some good examples for "one-things" to cut.*

*1.) speciality coffees, if u buy 1 grande speciality coffee at my local university store, it's 4.05 ea. if u bought 2 a day (m-f) u'd save \$162/month.*

*\*\*in perspective: a 24oz coffee at speedway is \$1.20ea*

*2.) switching to smaller phone plan (avg saving of \$20/month)  
those 2 things together are \$182/month, or \$2184/year!!!*

*There are MILLIONS of ways to save millions. people just need to be willing to sacrifice a little. my suggestion? take that ~\$2k and invest it. if you're super fresh to college that money will add up and compound, and you'll have yourself a really nice nest egg for when you've graduated and start looking for a job.*

**Anonymous reader:**

*I would make automatic payments to your debt for the amount saved.*

*For example: I lowered my gym membership from \$21.96 to \$10.85 per month. The difference is \$11.10, so I set up an automatic recurring bill payment to my student loan company. This keeps me from putting it back in the pot and spending in on something else.*

*I have done this for many things and my automatic recurring payments to my student loan each month is going to be...\$882.61, which is 497.05 over the minimum payment. The little things really do start to add up.*

**Kristy on paying down debt:**

*One that really works for me is keeping a picture of something I want to buy in my wallet. Right now, my debit card has a picture of a car I'd really like to buy on it, so whenever I pull it out I see that car! It's stopped me from several spending sprees haha.*

*Another thing I've learned to do is to write what I want down in a text document or a notebook (whichever is more convenient), then forget about it and distract myself for awhile. Then I go back and look at what I've written down and ask myself if I really want to make the purchase. If I do, then I'll add a plan of how I'm going to save up for it rather than running out and buying it right then.*



# What do you wish you knew about credit cards many years ago?

*“Success is not final, failure is not fatal: it is the courage to continue that counts.”*

– Winston Churchill

I **really wanted to do everything** humanly possible to make this the ultimate credit card guide for all 20-somethings out there. As I was asking my friends to review this and to share their input on how I could make this the best credit card guide in the world, it hit me that I should have a section dedicated to some of the lessons from my older friends.

This next section is all based on advice I received from my older friends (40 plus) on what they wish they knew about credit cards many decades ago. The follow advice comes from my more experienced (old) and wiser friends (Robert and Dave):

My good friend Robert chimed in with:

I wish I knew about the consequences and the temptations that come with your first credit card. The consequences of misuse are harsh. The temptations are just too high. It's too easy to spend this money that doesn't appear to be real. The money is very real. The consequences of not paying this money back are even more real.

The temptation is always there because you have this unlimited (depending on your credit limit) amount of cash just sitting in your pocket. If you don't have any control you'll spend this money whenever you get the chance to.

I then asked my friend Dave for what he wishes he knew back in the day and would love to pass down to 20-somethings. Dave was concerned with the following items:

- ✓ The danger of cash advances and the interest that you get hit with. This easy access to cash can be really hazardous for those that don't have a grasp over their spending patterns.
- ✓ Annual fees and their significance. Dave sees no point in paying an annual fee when you're barely making any money.
- ✓ Commercials make credit cards fun and beautiful. I had a good laugh with Dave here. You often see credit card commercials on TV where the cardholder is having a great time while surrounded by beautiful women.
- ✓ Making the minimum payment. Dave thinks that it's really too tempting to make the minimum payment on a balance as a way of keeping more of your cash. This will only result in the interest working against you while your balance builds.

That's what I learned about credit cards from speaking with older friends. What can you learn?

.....

### **Mandatory action**

*Reach out to an older friend of yours. This could be a relative, sibling, teacher, or one of your parents. Ask this person what are the two things that they wish they knew about credit cards back in the day. Please take their answers very seriously.*

.....



# Final survival pointers on credit cards.

*“Perseverance is everything. Never giving up will give you the ability to go through anything in your way and accomplish everything that you wish.”*

– Ben Lang

**Before you finish off** with this super helpful manual, I wanted to share various final realistic points on credit card use.

I’m a very positive dude. I’m also realistic to a fault. This is why I don’t believe in blindly throwing out advice or trying to be “feel-good” all of the time. I do believe in positive reinforcement. I also believe in a healthy dose of “kick-in-the-ass.”

Let’s close off with some realistic points so that I don’t send you off in the wrong direction.

## **It’s not all about motivation.**

As you put this guide down and move on with your life, I hope that you guys are serious about using your credit card properly. I don’t want this to be another piece of writing that you read, feel motivated about for ten minutes, and then put it down. That’s what usually happens with most books.

Using a credit card properly isn’t about motivation. Getting out of credit card debt isn’t all about motivation either. We’re all motivated to stay out of credit card debt. Nobody plans to get into

\$30,000 worth of debt. Feeling motivated for a few minutes after reading something will not benefit you in the long run. Motivation always fades.

If you're ever feeling stuck, then please try getting back to the basics. Check out the mandatory actions in this manual. Reach out to a friend. Stay positive. Don't ever blame a lack of motivation for you falling behind on your finances. We don't have a lack of ambition. We often simply have a lack of direction.

### **It's not all about education.**

Mainstream information often tells us that if you go to school you'll be able to make lots of money. Education is often viewed as the solution for all of our problems. We're told that that most problems are caused by a lack of education.

If someone isn't making a ton of cash it's because they don't have the right education.

If someone can't save money it's because they need to learn more about finance.

Does this sound familiar?

More information doesn't guarantee a behavioral change. We feel that new information will lead to some rapid change in how we do things. The drawback is that material on the psychology of money never really filters down to us.

What if you just can't fight the urge to splurge?

What if you're waiting until you're making lots of money to worry about dealing with your debt?



Since you're done reading this guide you can consider yourself "educated" on credit cards and credit in general. However, just because you now know all of the important details about using a credit card, it doesn't mean that you'll use this material to your advantage.

This is why I wanted to conclude by saying that getting out of debt or becoming better at money management isn't just about education and motivation.

If using a credit card is not about motivation or education, then what's it all about?

### **It's all about creating systems.**

You need to put systems in place to circumvent poor behaviour.

I've shared with you guys all of the knowledge that you need, along with ways you can apply this new found information. I really hope that you took the mandatory actions seriously and that you keep a record of them. I want this to guide to be the best investment that you make in your 20s with your time and money.

I hope that you're able to live a life where you use your credit cards without letting them use you. You certainly have all of the help that you need right here.



## What's next?

**You have all of the information that you need.** Now you're ready to use a credit card. You're also ready to become debt free if this has been a problem for you. Keep this guide handy. Since you spent your hard earned money on this material, please feel free to share it with your friends. Try not to send off too many copies since I need to make a living too. Take care!

As always don't hesitate to contact me at [md@studenomics.com](mailto:md@studenomics.com). I'll respond to every single email. Even to those of you that bootlegged a copy of this.