



Don't make a **career**  
out of paying off your  
**credit card.**

Imagine you're a single mom with two kids, a mortgage, and a demanding career. You're constantly juggling carpool, daycare, soccer practice, and an unpredictable work schedule. Your son needs braces, your daughter wants ballet lessons, and you're desperate for a vacation.

Then one day your credit card company increases your spending limit to \$10,000. You think—just in time! Or is it? Before you know it, you've over-extended yourself and can't make ends meet. The only alternative is to take a second mortgage on your house—if you can get it. Could never happen to you?

Unfortunately, far too many U.S. families fall into this trap. Average household credit card debt was \$10,679 at the beginning of 2009. If you're not already in this deep, maybe you can avoid it.

## Pay more than the minimum payment

The interest on your credit card balance never sleeps. Every day the interest accrues and sinks you deeper in debt. Most credit cards only require the minimum monthly payment, which is usually 2% of your outstanding balance. Just look at what paying only the minimum payment really means:

Annual Percentage Rate	18% APR	10.9% APR
Outstanding Balance	\$10,000	\$10,000
Minimum Payment	2%	2%
Years to Pay Off	50.75	25.2
Total Paid to Credit Card	\$38,397	\$17,951
Total Paid in Interest	\$28,397	\$7,951

*The above figures were calculated with a minimum payment amount not less than \$15.*

## How To Avoid The Credit Card Trap

Follow these simple guidelines to avoid the pitfalls of credit card debt and create good credit at the same time.

- Know your financial limits and don't go beyond them. Only charge items that you can pay off each month.
- If you already carry a balance, bring it down by paying as much as you can afford—always more than the minimum payment. Then keep your balance as low as possible.
- Shop around before accepting a credit card offer. Compare Annual Percentage Rates (APR). They average around 13.5% and could climb to 30% or more.
- Watch out for fees and charges. Read the fine print and change notices. Again.
- If you are making payments on several credit cards, consolidate them into a single card with a low Annual Percentage Rate.

## **For more information, go to [towerfcu.org](http://towerfcu.org)**

Our Web site is a good place to learn the basics about what it costs to carry a credit card. We've done our best to give you factual information in clear, straightforward language. If you have a specific question, ask a Tower representative at any Tower branch.

## **Other resources that can help**

### **[federalreserve.gov/creditcard](http://federalreserve.gov/creditcard)**

The U.S. Federal Reserve provides very good financial help for consumers. Use their Web site for accurate information.

### **[bankrate.com](http://bankrate.com)**

For everything that has to do with money.

### **[balancepro.net](http://balancepro.net)**

Comprehensive financial education and counseling services.

### **[ftc.gov/idtheft](http://ftc.gov/idtheft)**

Provides identity theft information and how to avoid becoming a victim of it.



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