The average credit card user has seven credit cards. How many do you really need?

Download other Credit Card Smart fact sheets at: http://uiiedev.extension.uiuc.edu/creditcardsmarts/

Decide How Many Credit Cards You Need

When you buy something, you are often asked, “Will this be cash or credit?” If you don’t have the cash to pay for the item, you may be tempted to use a credit card. Using a credit card has become a very common way to pay for items the family needs and wants. The average credit card user has seven credit cards.1

How many cards do you have? List all of your cards, who issued them, what kind they are, and the interest rate, credit limit, and annual fee of each. If you don't know the interest rate or your credit limit, look on your last monthly statement.

Are you surprised at how many cards you have? You may learn that you have several bank cards, such as VISA and MasterCard, retail or department store cards, gas cards, and specialty cards.

<table>
<thead>
<tr>
<th>Credit Card</th>
<th>Issuer</th>
<th>Kind</th>
<th>Interest Rate</th>
<th>Credit Limit</th>
<th>Annual Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Example 1: VISA</td>
<td>Anytown Bank</td>
<td>Bank card</td>
<td>18%</td>
<td>$5,000</td>
<td>$40</td>
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<tr>
<td>Example 2: XYZ Oil</td>
<td>XYZ Oil Company</td>
<td>Gas card</td>
<td>16%</td>
<td>$2,000</td>
<td>$0</td>
</tr>
</tbody>
</table>

1.
Most people find that they can get along with two or three bank credit cards. Looking at your list, decide which cards you actually need by asking yourself the questions on the left.

In addition to the cards you already have, chances are you get offers in the mail asking if you want still more cards. Quite often, these offers say that you are “pre-approved” for the card. They urge you to accept quickly “before the offer expires.” Before you accept the offer, you need to decide if you really need another card.

**More Is Not Better**

Having too many cards may tempt you to overspend. The more cards you have, the harder it is to keep track of purchases you’ve made and how much money you’ve spent. Creditors may also look at you as a poor credit risk. Even though you may not carry large balances, you still have a lot of open accounts. The potential is there for you to run up large amounts of debt. The more cards you have, the less eager creditors are to give you more credit.

Now decide which of your cards to keep. Keep the cards that you can use where you usually shop and that have low interest rates. Cancel the others. Be aware, though, that canceling several cards at the same time may lower your credit score.

If you wish to cancel a card, cut it up, or shred it and send a letter to the card issuer. Ask them to notify the credit reporting agencies that the card is canceled “at the customer’s request.” Keep a copy of the letter for your file.

Use the chart below to list the cards that you are keeping and put the list in a safe place.

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### Questions to ask . . .

**Can you use the card where you usually shop?**

Most places today accept bank cards. Find out what cards are accepted where you usually shop. You may not need a card, such as a department store card, that can be used at only one place.

**What is the interest rate?**

Look at the interest rate of each of your cards. If you don’t pay off your balance each month, higher interest rates will cost you more money. You will want to keep the card with a low interest rate.

**What is the credit limit?**

If the credit limit on the card is too low, you may not be able to use it as much. Is it too high? Ask to have the limit lowered if you don’t need that much credit.

**Are you paying an annual fee?**

If you pay an annual fee, ask yourself whether there are enough benefits from the card to justify the fee. You may want to call the company and ask to have the fee waived. If they say no, you may want to cancel the card.

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<table>
<thead>
<tr>
<th>Credit Card</th>
<th>Issuer</th>
<th>Telephone Number</th>
<th>Interest Rate</th>
<th>Credit Limit</th>
<th>Annual Fee</th>
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<td>4.</td>
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For more information about credit, see other Credit Card Smarts fact sheets. Related fact sheets are “Decide How Much Credit Is Too Much,” “Get Rid of Credit Card Debt,” “Choose the Best Credit Card Interest Rate,” and “Choose the Best Credit Card.”