



## ***Around the House***

# **Tip of the Month**

### **Credit Smarts for the College Student**

For many college students, credit cards are as common as football games and late-night pizza. So, what can parents do to keep their kids from falling into the credit card trap?

First, understand that credit card offers roll in as soon as students hit campus. Students may be tempted to open an account to buy books and supplies, spiffy up the dorm room, or buy the latest fashions. Talk with your student about credit and decide together whether a credit card is really needed. You may find that a checking account with a debit card is a better option.

If your student does decide to open a credit card account, talk about how the credit card should be used. Is it for emergencies only? Is it for school supplies?

Lois Smith, consumer and family economics educator with University of Illinois Extension, offers these suggestions to prevent common credit problems:

- Compare card offers. Avoid cards that charge an annual fee. Also, choose one that has a low interest rate and minimal finance charges.
- Use only one credit card.
- Consider a low-limit or prepaid credit card. These options can keep spending under control.
- Never spend more than you can quickly repay.
- Avoid borrowing money on a credit card. These cash advances quickly build up fees and interest charges.
- Don't max out your credit limit—only charge what you can afford to pay back.
- Carefully review monthly statements and save all receipts for reference.
- Strive to pay the full balance every month to avoid finance charges. If that is not possible, always pay more than the minimum to help control debt.



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