

Chapter 1 Credit Card Debt

I love money. I love everything about it. I bought some pretty good stuff. Got me a \$300 pair of socks. Got a fur sink. An electric dog polisher. A gasoline-powered turtleneck sweater. And, of course, I bought some dumb stuff, too.

--Steve Martin

Pandemic Update

With layoffs skyrocketing during the outbreak and lockdowns, Americans have been piling on more credit card debt: 47% now carry balances, up from 43% in March (2020), and nearly a quarter say they've taken on more card debt amid the coronavirus downturn, a CreditCards.com survey found.

In an interview with Warren Buffett by yahoo!finance, Turning to credit cards because of financial hardship is one thing, but Buffett says some people use them as "a piggy bank to be raided."

He recently told his company's shareholders about a friend who came into a windfall and asked for advice on what to do with it. She also had credit card debt — at 18% interest.

"If I owed any money at 18%, the first thing I'd do with any money I had would be to pay it off," Buffett said he told her. "You can't go through life borrowing money at those rates and be better off."

<https://finance.yahoo.com/news/warren-buffett-says-financially-survive-204400784.html>

You should be Careful with Credit Cards

Credit cards, by design, are financial products that exploit our human nature to be happier. Credit cards are very convenient and may help enable an instant-gratification mentality.

“Young people are threatened... by the evil use of advertising techniques that stimulate the natural inclination to avoid hard work by promising the immediate satisfaction of every desire.” [*Pope John Paul II*](#)

The more emotional a seller can get you through advertising about a product or service, the more you will spend on impulse. Convinced this purchase will make us feel better, we will purchase. If a business can convince us that the purchase makes us “seem” successful, then we will buy more.

Businesses encourage us to use our credit cards for the purchase because we do not suffer the same psychological pain we do when we pay with cash. We are paying with a magic plastic card! We feel no pain for our purchase.

The greatest test to determine if you are overspending is carrying a balance on your credit card. Do you carry an unpaid balance on your credit card? You may be an over spender. If you are not an over spender, then pay off your credit card balances monthly and avoid the interest charges. If you don't pay off your balance each month, your credit card bank charges your account nose bleed interest rates usually above 18%. The average credit card interest rate is 14.65%. Besides the interest rate, banks charge you overpriced “over the credit line” fees and “late” fees. One reason I wrote this book is to help you save money and avoid these high fees.

Credit Card Solutions

I have created three different approaches to managing your credit card accounts depending upon your ability to pay the balance in full each month or if you carry a balance.

This is awkward:

Next I ask you to ask yourself a few important questions. This exercise will require you to be completely honest with yourself. How do you feel about credit? Are you responsible with credit? What is responsible credit use? Do you make impulse purchases with your credit card? Do you pay your credit card balances in full on your card monthly? Do you make your card payment on time? Are you assessed late fees or over the limit fees on your credit card accounts? How many credit card accounts do you have? Ask yourself these questions and connect with the correct level below. Level One starts with folks who are out of control.

Here is a simple form to begin the journey to having a 0 credit card balance.

[Please find a link to it in the resources index under Credit Card List, Add link to website](#)

Credit Card Debt List				
Creditor	Debt Amount	Monthly Payment	Interest Rate	Months Past Due
Credit Card # 1	\$	\$		
Credit Card # 2				
Credit Card # 3				
Credit Card # 4				
Credit Card # 5				
Credit Card # 6				
Total Credit				
Card Debt	\$	\$		

You can start the process by collecting your credit cards. Then make copies of your statements from your online accounts. Locate the balance owed and put that under debt amount. Add the monthly payment you can afford. Find and list the interest rate. Are your accounts past due. This is an extremely important exercise. Please do not pass it by. We can use this information to decide if we will snowball or avalanche your debt as discussed in Level 2 of the following credit card debt categories.

Level One

If you hold an unpayable balance on your credit cards and are having difficulty with your personal finances, and you can never pay the balance in full each month, then cut the credit cards. That's right. Get a pair of scissors and physically cut the cards in half and dispose of them. That's the price you pay for not being able to use a credit card. Can you fix this? Yes. You live by a four-letter word. **CASH!**

This is good news. Remember, I said above people do not equate wallet sized pieces of plastic with the pain and suffering you feel when you spend cold hard

Commented [AS1]: Should you actually close the accounts, or just cut up the cards? What happens when you are ready to use them again?

Commented [KR2R1]: At this level, using credit cards again may not be feasible. You could close the account, but still owe the balance.

cash on a purchase. You will now do a better job determining if that next purchase is a want, or a desire, or an absolute necessity.

Remember to sign up for alerts and automatic payment so you are never late again on your credit card payment and subject to late fees. Wait a minute, you say. Why do I need to do this? I just cut up my cards. Just because you cut up your cards means your account goes away. You still have the account. You cut up your cards to eliminate your ability to use your card. The account still exists and you still owe the money.

If you possess the skill to negotiate, contact the credit card company and ask them for a lower interest rate. Tell them you are considering switching to a new card with a better interest rate. This only works if you are up to date on your payments.

Cash Budgeting

1. Determine which expenses you can pay in cash.
2. List categories like groceries, entertainment, eating out, and clothing.
3. To reduce your spending only use cash for these categories.
4. Do not use debit cards, credit cards nor check book.
5. Disconnect any automatic payments connected to your credit card.
6. Keep your debit card at home until you get a handle on your spending.
7. A simple way to keep track of your cash expenditures is to use the envelope system. Make an envelope for each budget item and put the correct amount of cash. When an envelope is empty, then you are done spending in that category. Put paid receipts into the correct envelope to see how much money you spent in that category.

You should develop a procedure to manage your cash. Using cash may be inconvenient, but it is a great way to get a handle on your spending and reduce impulsive credit card usage.

Please see the following article to unpack this idea.

<https://www.thebalance.com/how-to-switch-to-cash-only-for-your-budget-2385691>

In Chapter 12, Budgeting and Money Management, I will discuss how to run a ledger to keep track of your cash, which is an alternative to the envelope method.

Commented [AS3]: This doesn't fit here b/c you've told them to cut up their cards!

Commented [AS4]: Instead of just including this link, can you offer a few tips here on how to do a cash-only budget, and then link to the article for more info?

Warning:

You should not do business with a debt relief, debt settlement, or debt consolidation company. I discuss the reasons these are terrible ideas designed to take advantage of people in financial distress in **Chapter 4, Using Debt Settlement and Relief Companies**.

How to Function Without a Credit Card:

Despite what many people say, you can function in life very well without a credit card. You should get a pre-paid debit card. The pre-paid debit card limits your liability. It's not cash, and many pre-paid card companies include fraud protection. If you travel, there are rental car companies and hotels that have payment alternatives to cash.

Start by getting a Prepaid Credit Card. One of my favorites is PayPal Prepaid Mastercard <https://www.paypal-prepaid.com/>. I suggest opening a PayPal account. No PayPal account? You can try MOVO prepaid debit card. <https://movo.cash/>

Commented [AS5]: This needs some more transition/another heading to separate it from the debt repayment info. How about creating a new section on how to function without a credit card and include this plus following paragraphs on car rental, etc.?

NerdWallet, the Balance, Credit Karma, the Simple Dollar, and Money Under 30 recommend MOVO as one of the best prepaid debit cards. There is no credit check and quick direct deposit according to their website. I would not set up direct deposit money into this account as a replacement for your checking account. Transfer money from your checking account to this prepaid card for planned incidental expenses. Your money is safer because you only risk the money in the prepaid account and do not risk your money in your checking account.

But Ken, I need a credit card to rent a car. **Not True!**

<https://www.daveramsey.com/blog/rent-a-car-without-a-credit-card>

You should check out Dollar rental car. They will rent a car with a **NON** prepaid debit card.

But Ken, I need a credit card to book a hotel room. **Not True! Hotels** will take reservations and process payment through a debit card. They will put a hold on it

as a deposit for one or two nights, depending on the hotel. So, it's an excellent idea to deposit money in your account before you travel.

Remember to sign up for alerts and automatic payment so you are never late again on your credit card payment. I have repeated this same statement several times in this chapter because it so important!

Level Two If you are using credit cards and hold a balance on your credit card, remove the credit cards from your wallet and put them in a sealable sandwich bag, pour water into the bag and place them in your freezer. Put those cards on Ice!!

Literally!

This removes the opportunity for impulse purchases. Transfer your card balance to a lower interest card while you repay this card balance. There are credit cards specifically designed with this idea in mind. I suggest contacting your local credit union for the best interest rate and professional banking services.

How to Pay Off Debt

Here's a trick I learned from Clark Howard. Pay off credit card balances faster by paying the minimum payment, divide the payment in half, then pay your credit card payment every two weeks. You want the power of compounding benefiting you. By paying more often, you receive the reward of less overall interest being charged against you. Don't pay one payment of \$200 every month, pay \$100 every 14 days. You can pay off your debt balance 75% faster. Another key aspect is to keep your payment the same. Just because you are making progress and the credit card says, "Now you can pay less", don't reduce your payment. You will never get ahead. Unless there is a more important bill to pay, get out of the habit of paying just the minimum payment.

The credit card statement will tell you how long it will take for you to pay off the balance if you just pay the minimum payment. The statement will also show you the inflated amount of interest you will pay.

Commented [AS6]: From here on it's all about how to pay off the debt; I'd put this all in a section with a clear heading to that effect.

Commented [AS7]: I would say "divide" because at first I thought you were saying to cut up the credit card!

Late Payment Warning: If we do not receive your minimum payment by the date listed above, you may have to pay a late fee of up to \$40 and your APRs may be increased up to the Penalty APR of 29.99%.

Minimum Payment Warning: If you make only the minimum payment each period, you will pay more in interest and it will take you longer to pay off your balance. For example:

If you make no additional charges using this card and each month you pay...	You will pay off the balance shown on the statement in about...	And you will end up paying an estimated total of...
Only the minimum payment	17 year(s)	\$9,194
\$175	3 year(s)	\$6,300 (Savings = \$2,894)

For information about credit counseling services, call 1-877-337-8187.

If you only pay the minimum payment, you will pay \$9,194 over 17 years. The credit card company reports an arbitrary amount of \$175. If you pay \$175, then you save almost \$2,900 in interest fees. To see how much interest you can save by paying off your balance faster, check out the following.

<https://www.bankrate.com/calculators/credit-cards/credit-card-payoff-calculator.aspx>

Snowballs and Avalanches Debt payoff Strategies

Financial gurus developed these are debt reduction strategies to help debtors better understand how their debt is getting lower. In addition, some people prefer one method over the other because of their perceived speed their debt is being repaid. This can make it easier to see that you are making progress and your hard work is paying off.

Check out this amazing site to help you get a handle on run away debt.

The following notice is from their website:

“Undebt.it is a debt payment manager that will generate a plan for you to get out of debt by paying extra amounts on certain accounts until they are paid off. All of the [payment plans](#) that Undebt.it can use are all **rollover** plans, meaning that extra payments are rolled from one debt to the next and so on.

Dave Ramsey encourages this type of debt payment system. was generically popularized by Dave Ramsey's **Debt Snowball**. The two most popular payment plans are the debt snowball (paying the lowest balance account first) and the debt avalanche (paying the account with the **highest** interest rate first) which is also called "debt stacking". You can use either of those plans with Undebt.it or one of the several other methods detailed below. The debt avalanche is mathematically the most effective, but all of the rollover methods work well and will get you debt free in a similar amount of time; just choose the plan which works the best for your situation. Remember, you can change the payment plan."

Commented [KR8]: This quote has grammar errors. Delete?

Debt Snowball Calculator and Debt Reduction Assistant <https://undebt.it/>

Commented [AS9]: I'm familiar with this site and it's a lot more than that; I'd say more about it and/or explain how ppl can best use this tool.

The "Snowball and Avalanche" debt repayment methods are favorite methods of reducing debt repayment. The avalanche method uses extra money to pay off your high interest rate debts first. This makes sense, because the longer you hold a debt at a higher interest rate, the more interest will accumulate. Pay the minimum payment on the remaining debt accounts and focus on paying as much as you can afford on the highest interest rate account first. Once you complete paying off the highest interest rate account, move to the next highest interest rate account. Repeat this process until you are debt free.

The snowball method pays off the smallest debt balance first, giving you a faster sense of accomplishment. Once you pay off the smallest debt, move on to the next smallest debt etcetera. Another advantage to this method is the fact that you will lower the number of accounts outstanding.

How to Pay Down Debt

When you carry a balance on your credit cards, there are a few additional words of wisdom that can help you pay down the balance faster. You should transfer the balance to a low interest credit card. My suggestion is to start a relationship with your local credit union. They have great rates and a no nonsense approach to credit card customer service. For example, I just went to my credit union website and

they have a balance transfer card at 1.9% for 15 months, no balance transfer fee (that's good) and no annual fee (that's golden!).

You could get a debt consolidation/personal loan from your credit loan or bank. Another benefit is the fact the personal loan is a fixed interest payment that results in a fixed monthly payment. See Chapter 2, Overusing Personal Loans.

Here is the problem: Many of my financial coaching clients went to their banker and qualified for a debt consolidation/personal loan to pay off their credit card debt. The problem is that my clients never got a handle on their budget or excessive spending habits. They continued to use their credit card irresponsibly, racking up additional debt after agreeing to refinance their old credit card debt with a debt consolidation/personal loan. Now they have "double trouble"! They have a balance on their card... Again! And now have a regular monthly payment on their debt consolidation/personal note. That is why I strongly suggest you take your credit card and put it in a freezer bag and throw them in the freezer. Get another trustworthy person to hold you accountable to stop using your credit cards until you pay the debt consolidation loan off. Pay off on the loan may take 3-5 years. Then use the credit cards to purchase items you can only afford to repay monthly.

Level 3

If you use credit cards responsibly, carry only two credit cards on your person. One is backup. Why only 2? What if your wallet or purse gets stolen? More credit cards in your wallet open you up to a possible larger fraud coverage (\$50.00 per card) if the card is stolen and then used to pay for a purchase. If you have over two credit cards, store the extra cards in a secure location like a safe or fireproof lockable file box. If someone steals your two cards, you have back up to your backup. Does this make sense?

Never have a store credit card. (See Chapter 3 Pay Day Loans, RTO).

If you pay the balance of your card, every month choose a card with no annual fee and a long grace period so you don't get charged with interest.

Level One, Level Two, Level Three

Commented [AS10]: Does this mean literally only carry two on you, or only *have* two?

Carry a debit card as a double backup but try to never use it. Never use a debit card for gasoline purchases, hotel rooms, or rental cards because they put holds that block access to your money in your checking account. If you scheduled an automatic auto or mortgage payment, you could trigger an insufficient fund episode. In addition, banks handle debit card fraud issues differently than credit cards. If you don't report or discover debit card fraud at once, you will be liable for \$50.00 of the fraud (MOST high tier credit cards charge 0) if you report within 48 hours. Between 48 hours and 60 days you are on the hook for up to \$500, and after 60 days you are on the hook for the WHOLE amount!

If you lost your credit or debit card, it may be possible to freeze your account temporarily while you do a second check to find your card. You can check with your specific card company for details.

Remember to sign up for alerts and automatic payment so you are never late again on your credit card payment.

Additional Information: Credit card use opens you up to a variety of suboptimal events. Although not exclusive to credit cards, be aware of the possibility of identity theft and identity fraud that stems from the use of credit cards and credit accounts. This is another reason that it is important that you read your credit card statement at least monthly.

Identity Theft: This involves the theft of your personal financial and identification information online or offline.

Identity Fraud: Your stolen identity is used to withdraw cash, incur unauthorized charges, and open false accounts.

You must create a system to protect your personal information. Shred documents that contain personal information. You should buy a good shredder at Amazon.com. You should guard your passwords. Consider a free password control account. Try password managers Dashlane or StickyPassword. You should buy a lockable security box and store a paper copy of your passwords and important PINs. Thieves can open accounts online with your birthdate and social security number. Guard your numbers! Social networking has a bounty of our personal information that makes identity theft easier. Limit the amount of personal information you display on social media applications like Facebook, Instagram and Twitter. As an additional safeguard, keep antivirus software on your computers and consider purchasing a VPN to protect you from the bad guys.

Commented [AS11]: This info seems relevant to anyone, not just Level 1, right?

You can Detect fraud by monitoring your credit reports regularly.

See Chapter 13: Check Your Credit Reports and Credit Scores

You must review your credit card and billing statements monthly. Balance your checkbook and sign up for e-mail and text **alerts**. This way your accounts alert you when there is any legit or illegal activity. A thief's favorite hijack method is to change the address to your account. You can purchase AAA auto protection to receive free fraud protection with your auto coverage.

Managing Your Credit Card Account

The following Credit Card Rules conversation will help us understand how to manage your credit card and understand our responsibilities when using a credit card. This section will discuss how to read our credit card statement, collect our bonus points, manage and cancel “gray” charges, credit card disputes and more.

Did you know that Credit Card application is a contract!

I know this may bore you, but understanding these contracts is important. If you are getting sleepy, make a cup of coffee and then begin again! 😊

Every credit card has an agreement (a friendly word for contract). In that agreement, I suggest you become familiar with the important items. Credit card agreements have price information. The pricing section includes the introductory interest they charge you, separated by purchases and credit card transfers. The statement displays the APR (annual percentage rate) for cash advances. They display the grace period time between the end of the billing cycle and the beginning of interest charges.

Here is an example of a Capital One's Pricing Information.

Commented [AS12]: These next few paragraphs are getting a little too dry/technical. Can you spell out a few of the significant aspects of these agreements and why it's worth paying attention to them?

CAPITAL ONE PRICING INFORMATION	
Annual Percentage Rate (APR) for Purchases	Introductory rate of 0% to 9.99%, ranging from 9 months to 18 months. Non-introductory rates between 14.24% and 28.24%. Some Purchase APRs may vary with the market based on changes in the Prime Rate.
APR for Transfers	Introductory rate of 0% to 9.99%, ranging from 9 months to 18 months. Non-introductory rates between 14.24% and 28.24%. Some Transfer APRs may vary with the market based on changes in the Prime Rate.
APR for Cash Advances	Non-introductory rates between 23.74% and 28.24%. Cash Advance APRs may vary with the market based on changes in the Prime Rate.
Paying Interest	Your due date is at least 25 days after the close of each billing cycle. We will not charge you interest on new purchases, provided you have paid your previous balance in full by the due date each month. We will begin charging interest on cash advances and transfers on the transaction date.
Minimum Interest Charge	If you are charged interest, the charge will be no less than \$0.50.
Annual Fee	Between \$0 and \$39 annually.
Transaction Fees	<ul style="list-style-type: none"> • Transfer Fee • Cash Advance Fee 3% of the amount of each transfer. The greater of either \$10 or 3% of the amount of each cash advance.
Penalty Fees	<ul style="list-style-type: none"> • Late Payment Up to \$38.

This is only the first part of Capital One's credit card agreement. The second part is the Customer Agreement. This part includes all the provisos, limitations and addendum. The most important parts of the Customer Agreement to discuss are the credit limits or credit lines. The bank establishes these rules. The Authorized User section describes the rules involving the additional "persons" you have allowed to use your card. Remember that you are financially responsible for anything your "authorized" user does with your account. I would suggest you do not allow "authorized" users on your account. Have other "persons" get their own account. If they cannot qualify for an account, have them get their own debit card like Greenlight debit card. www.greenlightcard.com. This section also discusses the handling of disputes and a list of fees. Fees like Stop payment fees on access checks, cash advance fee, transfer fee, membership fee, late payment fee, and returned payment fees.

Do we see a pattern? A lot of fees leave your wallet and going to the credit card company's wallet. Credit card companies charge high fees for late payments and over the limit problems. I hope you can avoid them. If you don't read your credit card statement, these fees get tacked on without your knowledge. Ignorance of the terms of your contract is not a good plan or a defense.

Look at the **\$38.00** late payment fee you pay in the above statement! Sorry, but that is how it works. If you want the "so-called" privilege of using a credit card, read

and understanding the contract. I suggest you read the fine print of the agreements **before** you sign. The contract favors the credit card company and not you!

You have legal rights! The Fair Credit Billing Act protects you against debt collection harassment and abuse, credit bureau abuse, and discrimination. You should see www.ftc.gov and search for Fair Credit Billing Act.

Instead, Establish an emergency fund.

Instead of using your credit card as a piggy bank to pay for emergencies and unexpected expenses, set up an emergency fund to pay for emergencies. See Chapter 12, Budgeting and Money Management.

You should be proactive with your credit card management. One of my financial coach clients shared a story where they called credit card customer service to dispute the reversal of a Sun Pass charge that was legitimate but flagged as a fraud. That's Florida's toll road payment system. They found out when they attempted to pay for gas with the card. The gas station denied the card for payment. They received no e-mails or texts. No phone call that there was a problem. A denied purchase was the first feedback they received. They went to access the account online and they could not access the account. No reason given. They called the 1-800 number on the website and got an automated system. When they finally got through to customer service, they found the charges in question were 2 weeks old.

None of the charges were fraudulent.

Result: Card canceled. New ones will arrive in the mail.

Take Away: Please make sure you have a backup plan in case they decline your credit card.

The easiest way to use a credit card is only purchase items we can afford to pay for by the end of the credit card's billing cycle. This allows us to use the cards purchasing power without paying interest to the bank. If you are currently carrying a balance on your credit card account, fear not, we discuss what we can do to fix that problem.

In addition, we must be careful about credit card charge errors.

Just as important as reading the credit card agreement is to read your credit card statement at least monthly. It may be wiser to look at the statement weekly until you have established a legitimate system of managing and monitoring your accounts.

By reading my credit card statements regularly, I found: If ignored, the vendor would happily charge my credit card and receive my money for nothing.

- a. I opened my Discover statement. This account has a small balance left over from a zero-interest balance transfer I made about 2 years ago. I paid the difference between the statement balance and the payoff balance. I noticed that now I have an interest charge on the statement. That's right, the balance transfer offer expired. Hmm. Let's check the interest rate. 21%. Really? Paying that off as soon as possible.
- b. *Post COVID-19 note: At the end of January 2020, Discover sent me a letter that my account was closed for non-use. Our take away is that you should charge something small on a "0" balance card to keep it active. I lost that credit line. Not a huge deal, but closed credit accounts can cause your FICO credit score to go down due to you using a higher credit utilization ratio.*
- c. I received a text alert (Ask Trim) from Citi card. \$19.99 charged by an app via Apple iCloud. I started a free financial application expecting the FREE app trial to go away as they did not have my credit card number because I did not update my credit card on iCloud. Right, I shut myself off from the app store. Nope, Apple got the new number. Four weeks after the FREE trial ended, the app charged my card to reactivate. I went online and disputed the charge, and they removed it.

My point here is that credit cards are a powerful financial tool that you must manage carefully by monitoring statements monthly.

Please, we must read every credit card statement at least monthly.

You must reach out to credit card customer service every time there is an issue, no matter how large or small! You must check your account statement and activity online every month!

Here's an example of what one of my credit card statements looks like. This a credit card I got through a relationship with AAA. The credit card company is called ACG Services. This part of the statement is the Summary.

New Balance	\$102.84
Minimum Payment Due	\$30.00
Payment Due Date	08/01/2019
Late Payment Warning: If we do not receive your minimum payment by the date listed above, you may have to pay up to a \$39.00 Late Fee.	
AAA Dollars Gas Rebate Summary	
Earned this Statement	\$2.06
Earned Year to Date	\$30.74
For details, see your rebate section.	

Activity Summary		
Previous Balance	+	\$166.14
Payments	-	\$162.82 ^{CR}
Other Credits	-	\$3.32 ^{CR}
Purchases	+	\$102.84
Balance Transfers		\$0.00
Advances		\$0.00
Other Debits		\$0.00
Fees Charged		\$0.00
Interest Charged		\$0.00
New Balance	=	\$102.84
Past Due		\$0.00
Minimum Payment Due		\$30.00
Revolving Line of Credit		\$24,900.00
Revolving Line Available		\$24,797.16
Days in Billing Period		29

All credit cards are 0% interest if you don't carry a balance!

What this means is may not be obvious to us. Credit card companies charge interest when you carry a balance. If you pay the balance of the card each month you pay 0 in interest. This means you pay nothing for the purchasing power created by the credit card.

Please pay your balance in full each month.

This part of the statement is the detail of the transactions.

Transactions				
Payments and Other Credits				
Post Date	Trans Date	Ref #	Transaction Description	Amount
06/05			AAA STATEMENT CREDIT	\$3.32CR
			CREDIT ADJUSTMENT	
07/01	07/01	MTC	PAYMENT THANK YOU	\$162.82CR
TOTAL THIS PERIOD				\$166.14CR
Purchases and Other Debits				
Post Date	Trans Date	Ref #	Transaction Description	Amount
06/12	06/10	8827	SHELL OIL 12589641005 JACKSONVILLE FL	\$26.28
06/24	06/20	1720	RACETRAC 196 00001966 ORANGE PARK FL	\$24.76
06/26	06/24	3632	QT 1715 97017156 KENNESAW GA	\$36.55
06/27	06/26	0373	SQ *SQ *GLOVER PARK BR MARIETTA GA	\$15.25
TOTAL THIS PERIOD				\$102.84
2019 Totals Year-to-Date				
Total Fees Charged in 2019				\$0.00
Total Interest Charged in 2019				\$0.00

Please note the highlighted 2019 Total Fees and Total Interest Charges.

They are 0.00. Zero is your goal! Please note the AAA credit statement credit adjustment noted above. This card with AGC Card Services (partnered with AAA) automatically credits back your points for purchasing gas with the AAA card. More on this later in this chapter, but I use this card for only paying for gas. It doubles as my backup card in case my major card is not working.

Side Bar: AAA

AAA is an amazing personal finance resource. AAA is an insurance company and bank besides being an automobile club. I'll talk about this in the **Insurance Chapter, Chapter 19**, but AAA sells auto, boat, RV, life, renters, flood and home insurance. AAA is a bank. Not only do they partner with banks that issue credit cards, they have access to savings and checking accounts, mortgage and reputable personal loans. They also have an auto buying service. I will mention AAA in **Chapter 11, DUI and other Legal Calamities**. AAA is a leader in teaching the public about distracted driving, aggressive driving, and drinking and driving.

The next statement is from the card I do the bulk of my bill paying. I paid a little interest in 2019. Did you notice the cash advance interest rate mentioned on the statement? Cash advances are 27.49% BOO! The reason I mention the Cash Advance rate here is to let you know how expensive it is to borrow cash from your credit card account. We should not use credit cards as an ATM. Banks created credit cards to assist us in buying consumer goods. Credit card companies collect fees from both you as interest in carrying balances and store merchant fees. When you borrow cash from your credit card, you pay a higher interest rate because the credit card company considers you the borrower and the merchant. Please don't borrow cash from your credit card account unless it is an absolute emergency! You should repay the amount as soon as possible.

Interest charged

Total interest charged in this billing period **\$0.00**

2019 totals year-to-date	
Total fees charged in 2019	\$0.00
Total interest charged in 2019	\$107.14

Interest charge calculation		Days in billing cycle: 33	
Your Annual Percentage Rate (APR) is the annual interest rate on your account.			
Balance type	Annual percentage rate (APR)	Balance subject to interest rate	Interest charge
PURCHASES			
Standard Purch	12.24% (V)	\$0.00 (D)	\$0.00
ADVANCES			
Standard Adv	27.49% (V)	\$0.00 (D)	\$0.00

Credit Card Bonus Points: Do not forget to redeem your bonus points. You should apply bonus points to your balance instead of buying something with them on impulse. I've worked with multiple clients who forgot this credit card reward and when discovered reduced their balance owed!

Log on to your credit card’s website and locate the procedure for redeeming points.

Do Read your statement to discover if your credit card is changing its billing, interest, or “details” about your account. Credit card companies change the rules of the game in the middle of the game. In addition, if you see unacceptable terms, I suggest you transfer to a new card. If you have bad credit, you won’t be able to apply for a new, better card.

ThankYou Points Earned This Period	
2x on Dining	497
2x on Entertainment	0
1x on Other Purchases	2,390
Total Earned	2,887

» Visit [to redeem points or see full rewards details.](#)

Bonus Points may take one to two billing cycles to appear on your statement. Please refer to the specific terms and conditions pertaining to the promotion for further details.

Important Changes to Your Account Terms		
<p>The following is a summary of changes being made to your account terms. Your Citi Flex Plan APR is changing to align with your APR for Purchases. These changes will take effect on September 02, 2019. For more information, please see "Details About the Changes" below.</p> <p>The current <i>Interest Rates and Interest Charges</i> section of the Fact Sheet (Pricing Information Table) will be revised as follows:</p>		
Revised Terms as of September 02, 2019		
APR for Citi Flex Plan	12.24% This APR will vary with the market based on the Prime Rate.	
<p>The current Details About <i>Your Interest Rates and Interest Calculations</i> section of the Fact Sheet (Pricing Information Table) will be revised as follows:</p>		
Details About Your Interest Rates and Interest Calculations	Periodic Rate as of 06/24/2019	For variable rates: U.S. Prime Rate Plus
Citi Flex Plan APR	0.03353% (D)	6.74%

Do you want to have a credit card? Remember, The Golden Rule says, “Those that have the Gold make the Rules”. If you don’t like the rules, you do not have to have a credit card. Please understand that credit cards are real debt contracts.

Beware of “Grey” charges. These are repetitive charges to your card that never go away after you cancel your magazine, free trial, or software subscriptions. You can fight this abuse by checking your credit card statement at least monthly. Many

Commented [AS13]: What should one do if these kinds of charges do appear?

credit cards allow you to dispute charges online by simply following the credit cards dispute process. CITI card allows you to file the dispute online with no hassle. You can also contact the vendor. You should cancel that unused, unwanted, unneeded magazine and online video streaming subscription. However, consumer aware, the vendor may turn on their heavy sales pitch to convince you should keep whatever service they are selling.

I'm a bad boy! Another way to remove gray charges is to report your credit card lost. Have your card replaced with a new card with a new card number. All the gray charges are gone. Remember, though, update any accounts that you want to keep. I like this method because it forces you to consider every service you are being charged for and if it is necessary.

Unnecessary Development

Children with credit cards to access Online Video Games.

There are many stories on the internet sharing the traps developed by the gaming industry. It is a free country. Adults are free to max out their credit card dressing their character in a video game. But what if I told you that children under 18 play video games allowed by their parent and then rack up thousands of dollars in credit card bills by purchasing additional "In App" purchases? "Gaming is a World of Heavy Sales Pressure and Frictionless Theft", says Evan V. Simon. Parents discovered the charges of their children, which resulted in financial hardship for years. There are no safeguards with online gaming No cashier to stop reckless spending. There is no tangible product to return to the store for a refund.

Online gaming addiction is a problem. Free mobile games make most of their money from "In app" purchases from compulsive customers, says Simon.

In Fortnite you can buy virtual clothes to upscale your character. You can play the game free forever, but if you want "Bling" you can buy a Battle Pass or Battle Bundle. Kids racked over \$4,000 in charges without realizing and created a credit card statement with many pages filled with many 1- and 5-dollar charges.

Credit Card Disputes

Credit cards have protections for its customers. If you received a good or service not as promised and the vendor does not want to remedy the situation, contact your credit card company and dispute the charge. They may send you an application to

fill out to explain the product or service you purchased and the nature of your dissatisfaction. Many credit card companies give you an immediate credit of your dispute until they resolve the dispute. The vendor tells their side of the story so the process can take 30-45 days. If the credit card company agrees with you, the temporary credit becomes permanent.

The below letter is an example of a credit card dispute letter regarding an auto repair that went bad. You should respond clearly, accurately and proactively when

mistreated by a vendor. In the situation mentioned below, my client was told to “pound sand” by the dealership service manager. Here an independent auto mechanic verified my client’s findings. The result is that the bank refunded the charges and another letter to the Subaru corporation resulted in a cash settlement.

Add Citi and BOA dispute letter examples

In Conclusion

Credit cards are powerful. Used responsibly with planning and discipline, they can make your financial life very convenient.

You should locate and visit your local credit union. In the family of financial institutions, credit unions look out for your best interest.

Commented [AS14]: Some chapters have a clear conclusion section and some don't; make this consistent throughout (I think it's a good idea, so each chapter ends with a succinct statement on the topic discussed).

Credit Card Dispute Letter March 17, 2008

RE: [REDACTED]

As per customer agent discussion on March 12, 2008:
Please find a complete explanation of disputed charge.

Brought car to [REDACTED] to repair oil leak. As indicated on repair estimate, I indicated an oil leak coming from the back of the engine. The service writer, Daniel, asked if I had performed very specific scheduled services. I said, no, I am here to fix the oil leak first. The service writer, before seeing the car intimated that neglecting to perform a timing chain replacement, along with certain oil seals, and replacing the water pump would stop the leak. These are all items at the front of the engine! After the mechanic Cliff, inspected the car, he diagnosed that the valve cover gaskets were leaking and that was the cause of the oil draining down the back of the engine. The mechanic stated that repairing the valve cover gaskets, along with scheduled maintenance service totaling over \$1,200 would repair the problem. I considered them the experts and approved the repairs. (Please review the repair estimate. I do not have a copy that I signed authorizing a repair of the vehicle. This maybe the deal breaker right here!) 3 and one half weeks later I still had the same symptoms. I waited to see if the burnt oil smell would disappear after repairs were done. They did not. On 1/21/07 (see attached report) another mechanic verified that original problem not repaired. He discovered a leaking head gasket that had been leaking for some time. See attached 2nd opinion of mechanic indicating these initial repairs were irrelevant for the leaking head gasket. I was billed \$1,200 for irrelevant repairs and to had to return the car to the dealer to repair what should have been diagnosed and repaired correctly the first time. I am paying for their mistake. In fact, I found a website www.subaruheadgasket.com that indicates that this is a very common problem with my year and model of Subaru and described symptoms exactly as mine. It would seem the experts would be aware of this problem. In fact the service manager, Rene told me, "They have been repairing a lot of these." So why was it so difficult to properly diagnose my problem in the first place?....the experts did not find it. That's the problem. In addition when I went back the second time to Palm Chrysler Subaru to repair the head gasket, Subaru corporation participated in paying for one half (admitting design flaw) of the head gasket repair. If the diagnosis had been correct in the first place, would have Subaru Corporation helped in the overall repair? We will never know. I got stuck with the bill.

In addition, the engine overhaul was done hastily. After one week I discovered the air conditioning inoperative and a few days later, the car stalled completely with a code for a defective crank sensor. I had the car towed back to the dealership at my expense for warranty repair. I left the auto with them a week to make certain it was repaired properly. The entire time, there was no admission of wrongdoing and the statement preceded every explanation, "We will have to check to verify what your saying is true." Every time! They admitted nothing and I received no apology for their negligence!

The reason I did not report this sooner as I thought disputing the charge would jeopardize a competent repair job. They would have also refused to refund my towing bill. I also risked losing the car to the shop if the dealership considered my dispute a reason of non-payment. I could not risk either circumstance. Yes, believe it or not, a repair estimate starting on Dec. 26, 2007 was not officially completed until I received the towing reimbursement on March 12, 2007. (Please see attached check stub.)

My goal is to have the disputed charges refunded to my account. I spoke with the general manager, Troy, on March 13, 2007, and he told me to get lost! The repairs of 12-26-2007 were irrelevant to the leaking head gasket that a second mechanic had to locate. His second opinion response agrees that the Dec. 26, 2007 repairs were irrelevant and says so on his letterhead. I have done everything AAA credit card has asked to resolve this situation.