

# 6 Tips for staying on TOP of credit



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## Did you know...

That the second most common types of New Years' resolutions are financial goals? After getting in shape or losing weight, saving more money is seen by many as an important target for self-improvement. Removing debt accumulated from credit and store cards can relieve your daily stresses. However, it can be difficult to achieve this without the right knowledge and discipline.

Credit doesn't have to be the big, scary monster we often think it is. As with what we eat, if we treat it with consistent respect and restraint, we can avoid feeling at its mercy. This may be the most important step in the journey towards being debt-free: approaching credit with care rather than avoiding having to deal with it. These tips will help you save money and give you added peace of mind.

### PAY ON TIME

Treat your credit payments the way you treat any other essential in your life by paying on time. Alongside your basics like food, rent and transport, your credit instalments should be non-negotiable. The biggest mistake we make is using credit like a luxury we can afford to abuse. The reality of paying late is high penalty fees, paying compound interest on your outstanding amount and, eventually, higher instalments.

### LIVE WITHIN YOUR MEANS

Once you qualify for credit, it can be tempting to live more extravagantly than you can afford. It's vital to remain in touch with the fact that you are using borrowed money. Credit does not improve your financial situation – it should only serve to loosen the constraints of large purchases and investments. To prevent creating unmanageable debt, it's a good idea to keep your credit below 30% of your maximum limits.

### MAKE PAYMENT ARRANGEMENTS

Caller identification apps have become a popular tool for avoiding debt collectors. The truth is that it's always better to negotiate with a lender than to avoid them. Arranging to pay a smaller amount or to pay later than planned is better than defaulting. Often debt collectors charge you for the calls, texts and emails they send you, further driving up your debt.

### UNDERSTAND YOUR CREDIT REPORT

Companies like Transunion, Experian and even banks can give you your credit report. This report contains important information that can impact your future financial health. Credit card fraud and human errors happen, so you may find that there are red flags and mistakes on your report. If you don't check your report regularly, you may be losing money or credit points unfairly.

### GET HELP WHEN YOU NEED IT

Credit is a sensitive topic and it can be embarrassing to admit that you need help. A whole industry of financial professionals is equipped to handle your case with care and compassion. If you feel you're in over your head, speak to your bank or a registered FSP about your how to structure your repayments without going broke. Time only worsens unpaid debts, so it's crucial to find out what your options are sooner rather than later.

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