

Super facts on managing your credit card

TelstraSuper

This factsheet outlines some handy tips you may like to consider to get on top of your credit card debt before it gets on top of you.

1. Pay more than the minimum requirements

The most effective way to manage your credit card is to pay the balance in full each month. If you can't manage the full payment, pay as much as possible. Avoid paying just the minimum, or you will pay a lot more than you anticipated. For example paying just the minimum on a \$1,000 credit card debt could take you over 11 years to repay and cost around \$860 in interest.*

2. Set up a budget and create a plan

If you're struggling to keep up regular payments on your credit card, the first step is to set a budget. Visit our website at www.telstrasuper.com.au and use the Budget Planner calculator under Tools & Forms.

Outline all your fixed and variable costs. Be realistic about your expenses and allow for 'emergency' money. Then take a hard look at the variable costs and see where you can make some savings. You'll be surprised how much spending goes unaccounted for. It's time to plug the black hole in your wallet.

3. Consolidate debts

Generally, credit cards are the most expensive way to borrow money. It may be a good option to consolidate your high interest credit card debt into a lower interest debt, perhaps in the form of a personal loan or by redrawing on the mortgage. But if you're thinking about redrawing on your mortgage, it could increase the life of your home loan and cost you more, so undertake this option with caution.

4. Don't ignore the problem

The worst possible response to debt is denial. If you cannot meet your credit card payments, contact the card provider and negotiate a realistic payment plan.

Consider other debts you must pay to ensure you can still meet regular financial obligations including the mortgage. Often you can come up with a workable solution to keep you out of trouble and it's much better than putting your head in the sand.

If the problem seems too much to bear, seek financial advice or speak to a financial counsellor. Even with small debts, financial advice will help put you back in control of the debt rather than the other way around.

* Assumes a minimum monthly payment of 2.5% or \$10 (whichever is less), interest rate of 16% pa and interest charged from date of purchase with no other purchases made.

This information is general advice only and does not take into account your individual objectives, financial situation or needs. Before acting on any advice you should assess whether it is appropriate for you and consider talking to a financial adviser. Before making any decision about acquiring any product, you should obtain and review its product disclosure statement, available at www.telstrasuper.com.au or by calling 1300 033 166.

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