

Personal Finance





© ADOBE STOCK

Make Better Credit Card Choices

You carefully manage monthly bills and maintain a healthy savings account, but there are times when using cash simply isn't practical.

That's when a credit card becomes a valuable financial tool. Some purchases—such as a car rental or hotel rooms—may require credit cards. Just be wary of over-relying on them, especially when there isn't a pressing need or while taking care of routine expenses.

Here are a few things to consider whether you are applying for your first

credit card, looking for a better rate or re-entering the credit market after some time away.

YOUR PERSONAL NEEDS

Buyers typically rely on their borrowing power when making larger purchases like homes and cars. The approach to responsible credit usage in that instance might differ from someone who has turned to credit because of something unforeseen like a health issue or car repair. In that instance, you wouldn't be in a position to slowly build your credit portfolio over time. Just be sure to pay off your emergency charges as soon as possible to avoid unnecessary interest.

EXPLORING THE OFFERS

Beyond differing interest rates, creditors may package in bonus options that make their cards more attractive. Cash-back programs have become very popular as people realize immediate benefits by choosing to shop at specific retailers. Those who travel often for work or pleasure might choose a card with frequent-flyer bonuses or related travel discounts. You can pay for one trip while building rewards for the next one, including flights, hotel rooms and related services. As before, however, it's best to quickly pay off the balance or risk negating these benefits with interest charges.

MONTHLY RESPONSIBILITIES

The best approach to credit card usage is to only spend as much as you can pay at the end of the month. Carrying a balance forward can lead to costly interest payments that offset any other benefits. If circumstances simply don't allow you to quickly zero out this debt, pay it off in as few installments as possible.

The annual percentage rate (or APR) associated with credit cards can lead to a pile of hidden debt. Minor purchases suddenly become significantly more expensive.

Carefully study the APR before choosing a new card, and steer clear of any offer that exceeds 20%.

How to Avoid Phone Scams

Don't become one of the many who fall victim to unsolicited scams every day.

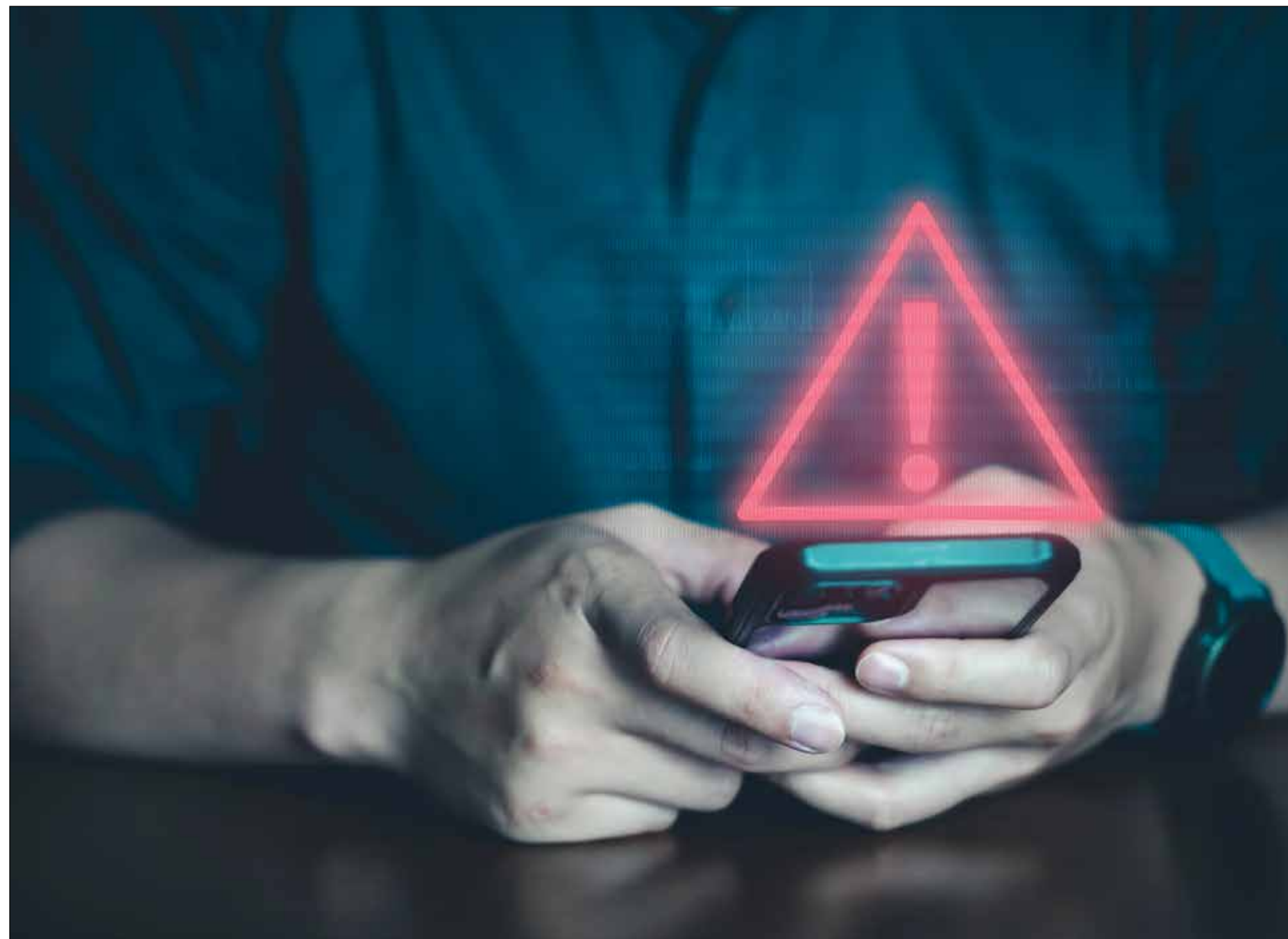
Here's how to protect yourself.

MOST COMMON SCAMS

Even after years of warnings, criminals still have the most success by impersonating IRS agents. They demand immediate payments from the unsuspecting, typically through wire transfers but sometimes on prepaid debit cards. The treasury inspector general reports millions of stolen dollars annually and about 90,000 complaints. Others may promise the immediate deposit of proceeds from the will, court case or the lottery – just to get your bank account details.

RECOGNIZING THE CON

Scammers will be very aggressive on the phone, with some even becoming openly hostile. Be cautious with any request that comes with an immediate time limit. Beyond the demand for urgent payments, con artists will threaten fines, suspension of your personal or business licensing, arrest or deportation. Some have a second scammer immediately call back and claim to be with law enforcement or another government agency. Repeated calls from unknown numbers should always create suspicion. Beware of anyone who promises tax refunds,



© ADOBE STOCK

inheritances, lawsuit judgments or lottery winnings – and never give out your banking details.

WHEN THEY CALL

It's important to remember that critical communications with banks, creditors or agencies like the IRS always take place through official mail. You are never asked for payment

over the phone. Still, some con artists go to great lengths to establish their so-called credibility. They may fabricate case numbers, give themselves official-sounding titles, or call from numbers that appear to be legitimate. Some will reference the last four digits of your Social Security number, after stealing it online. Others play background recordings that

mimic call centers or busy offices.

NEXT ACTIONS

Even if you end up speaking to a representative from a credit agency, bank or government agency, they will not take enforcement actions immediately after the call. Pressure tactics like that are a red flag. If you find yourself in an

uncomfortable conversation and suspect you might be the victim of a scam, immediately hang up. Contact the Federal Trade Commission, the principal government agency for reporting these scams. They're available at 877-382-4357 or through the Complaint Assistant at [FTC.gov](https://www.ftc.gov). Next, add the unwanted number to the Do Not Call Registry.

Switching to Online Payments

With everyone having such busy lives, it's easy to forget to pay a bill along the way. Then you're suddenly facing unnecessary late fees.

This kind of financial misstep might negatively affect your credit score, too.

Fortunately, there's now a high-tech solution that allows you to automatically pay bills online. Sign up for these secure transactions and you can effectively eliminate the need for spreadsheets and calendar reminders — along with all that worry over late fees. Here's how:

GETTING STARTED

Service providers have individual guidelines for setting up automatic payments, so yours may vary. You can typically pay either through the creditor's site or through your own bank account, simply by entering the necessary details into the bill-pay system. You'll need to input your billing address and account number, so begin by collecting your bills for use as a reference. Other personal information may be needed to complete the setup process.

SETTING A SCHEDULE

Once you've connected the site to your account, online payment options simplify the



© ADOBE STOCK

process. You can set them up to make one-time payments or recurring payments on a monthly or annual basis. It's faster and easier than traditional paper checks and happens on a date of your choosing. Best of all, you can ensure you'll never forget a bill or subscription renewal by setting them well into the future.

EVALUATING EXPENDITURES

Automatic payments can help in budget management, preventing overdraft charges. Many online payment platforms offer monitoring features to track your spending. You can pinpoint where your income is going and when. That can ultimately help save money since you can

now target unnecessary expenses or rising costs.

GUARDING AGAINST SCAMMERS

With identity theft such a growing concern, online bill payment systems provide specific protections against unauthorized access. They may offer a notification feature, either through text or

email, that will inform you when someone logs in or when payments go through. They typically provide regular updates on your account balance while constantly monitoring for potential fraud. If a breach like that happens, you can quickly freeze the account to halt all future charges — significantly reducing your potential losses.



© ADOBE STOCK

Keys to Smarter Borrowing

One bad loan can do lots of damage to your credit. That's why it's so important to thoroughly investigate any potential lender and then pay close attention to loan terms before you sign.

Even the smallest of details can lead to serious financial consequences in the future:

WHAT TO WATCH OUT FOR

Be cautious with any lender who

promises to ignore your credit score or history. Interest rates should be a main topic of discussion, but so should associated fees and points since they can play a similarly important role in the total amount you'll repay. A loan with a low interest rate and other high fees and points can actually be more expensive in the long run.

Pay close attention to the so-called "small print" in the contract, including balloon payments or pre-payment penalties. Steer clear of variable interest rates, if possible. If you end up opting for one of these high-risk loans, note the conditions that will affect your rate – and how they will alter your repayment obligations. Never sign a

document with any fields left blank.

HELP IS AVAILABLE

It's easy to get behind on loans, particularly when there is a loss of income or health crisis. Penalties can be substantial. For instance, you might have the option to extend a loan to avoid vehicle repossession, but this extension might include the financial burden of additional interest.

Thankfully, several federal laws have been enacted to safeguard consumers, among them the Equal Credit Opportunity Act and the Home Ownership and Equity Protection Act. To help service members with high-risk loans, the federal government introduced the Military Lending Act of 2006. If you

need credit counseling, reach out to the National Foundation for Credit Counseling at 800-388-2227.

AVOIDING THE RISKS

Avoid loans with anyone who reaches out through telemarketing or door-to-door visits. Don't sign loan agreements with construction companies in exchange for services. In some cases, people who think their financial struggles are only temporary will agree to a car-title loan for a quick infusion of cash. As with other short-term loans, however, the interest rates can be incredibly high. Instead, look for nonprofit counseling organizations to serve as a guide back to better financial footing.

All About Bonds

One of the best paths to financial growth is through investing — but the stock market can be uncomfortably volatile for some.

If that fits your description, it may be time to investigate bonds, where government or corporate debt is purchased as a long-term, far more stable investment. Even blending just a few bond investments into your stock market portfolio adds a sturdy layer of protection through diversification. Here's a look:

KINDS OF BONDS

Bonds are financial instruments governments or corporations issue to raise funds for expenses ranging from new initiatives to everyday operational costs. The most commonly purchased types include U.S. Treasury bonds and savings bonds, which the Department of the Treasury issues. Local governments may release municipal bonds. There are important distinctions: Treasury bonds can be traded, whereas savings bonds cannot.

HOW THEY WORK

A key element in successfully investing in bonds is patience. They are considered generally safe but often take much longer to yield returns. As a bondholder, you are only entitled to receive an investment return after a specified maturity date. Until that time, investors earn



© ADOBE STOCK

fixed interest which may be distributed monthly, annually or semi-annually — depending on the bond's terms. The interest rates are influenced by the bond's maturity date and the credit rating of the specific issuer.

CONSULTING AN EXPERT

Thoroughly review any bond

prospectus, paying close attention to fees and the types of bonds included in the fund. If you find that your personal research has its limits, set up a fact-finding meeting with a broker who specializes in the bond market. Take advantage of available services that provide broker recommendations. You can also talk with other

investors who may provide additional valuable insights.

NOT ALL BONDS ARE ALIKE

In contrast to stocks, bonds are typically slow-growing investments designed to accumulate equity over an extended period. But be warned: Not all bonds are so secure. As with

stocks, certain bonds carry unique risks. Junk bonds, for instance, represent a higher-risk investment. Unlike investment-grade bonds, they're issued by companies with poor credit ratings. This allows company executives to raise capital without incurring high interest rates, but they may not be as reliable over the long run.

Make an Emergency Plan

The best way to protect your finances is always through pre-planning. That is particularly true in an emergency.

Disasters in the form of storms, health or family crises or larger economic downturns usually arrive without warning.

Making the right choices before there's an emergency can limit these disruptions and help lower stress. To provide a smoother pathway forward, consider planning strategies that will help when times are tough.

CREATING AN EMERGENCY FUND

By their very nature, economies experience booms and busts. Protection against financial hardship includes saving enough money to help bridge these perhaps inevitable cycles. A personal financial downturn can be caused entirely by outside forces, as with the banking crisis of 2008 or the COVID-19 pandemic in 2020. A good rule of thumb for emergency funds is three to six months' worth of income.

INSIDE YOUR FINANCES

Pay close attention to your income, investments, general savings and debt. These financial markers can make all the difference in navigating through an emergency. Take a



© ADOBE STOCK

hard look at your finances. If you notice there's room for improvement, create a budget that takes into account how much you're being paid against what you're paying out. If you can identify places to cut costs before it becomes a requirement, the choices are more easily made.

ORGANIZE EVERYTHING

Natural disasters and family

emergencies tend to have a destabilizing effect on our lives. It's even worse if you can't find needed documentation to move forward, including insurance policies, documents for identification or a last will and testament. Organize and safely store these important documents now, so you know where to find them as needed. Consider putting documents that are

more difficult to replace, heirlooms and collectibles in a safety-deposit box. Keep your passport and driver's license with you.

REVIEW INSURANCE AND CREDIT

Insurance coverage can create an umbrella of protection against difficult financial situations. Make sure you have the right kind and amount of

coverage. Lenders favor the healthiest borrowers, and that's particularly true during difficult times. A higher credit score means a better interest rate, which affects your repayment total. If you're struggling to save the recommended three-to-six-month emergency fund, or simply worried that the fund will run out during an emergency, you might need access to credit.

Protecting Against Identity Theft

There are many more ways to lose your identity now than a simple misplaced purse or wallet.

Data breaches, phishing attempts and hacking incidents are contributing to an explosion in identity theft and fraud, which government officials say affect up to 5 million Americans every year. Victims can face tough financial decisions and may even watch their credit scores go down through no fault of their own. Here's what to do if it happens to you:

NOTIFY THE AUTHORITIES

Start by reporting the incident to the Federal Trade Commission, either by calling 877-438-4338 or through their website at [IdentityTheft.gov](https://www.ftc.gov/identitytheft). They will assist you in creating a report that confirms your situation for banks, businesses and creditors. They will help with developing a recovery plan tailored to your personal situation. If you happen to know who the perpetrator is, it may also be necessary to contact the local authorities.

CONTACT A CREDIT BUREAU

Reach out to one of the major credit bureaus, including Equifax, TransUnion or Experian, so that a fraud alert can be placed on your credit



© ADOBE STOCK

report. The other bureaus will be automatically notified. If the fraud continues, you can opt for a longer-term fraud alert that lasts for seven years. To initiate this, you must send a copy of the FTC Theft Report to each bureau.

YOUR BANK AND CREDITORS

Reach out to the fraud department of your credit

card issuers and personal bank. Also notify retailers and other institutions where you hold accounts. In certain situations, it may be necessary to inform your current or prospective employer.

If you've been affected by medical identity theft while on Medicare, begin direct communication with their offices. Report any tax identification theft to the IRS. For

unemployment identity theft, contact your state's labor department. If the theft occurred in a nursing home or similar facility, get in touch with the National Long-Term Care Ombudsman Resource Center.

OTHER RECOMMENDATIONS

Avoid carrying your Social Security card in your purse or

wallet.

Exercise caution when sharing sensitive personal information, including your bank account and birthdate. Monitor your billing cycles closely: Unexpected changes in the amount due or the late arrival of bills may indicate potential identity theft. Don't handle any online banking while on a public Wi-Fi system.