

# Consumer and Family Sciences



Department of Consumer Sciences and Retailing

## To Your Credit: Fact Sheet 3

### Deciding How Many Credit Cards You Need



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*Adapted from Credit Card Smarts, a series published by the University of Illinois Extension (copyright 1997, Board of Trustees, University of Illinois). <http://web.aces.uiuc.edu/cfe/ccs/index.html>*

Using a credit card has become a common way for a family to pay for items it needs and wants. According to the Illinois Treasurer's Office, in February 2004, households that used at least one credit card had an average of 7.6 credit cards. How many cards do you have? Use the chart to list all your cards, the issuer, the kind, the interest rate, credit limit, annual fee, and other fees. If you do not know the interest rate, credit limit, or fees, look on your last monthly statement. Many people are surprised at how many cards they have. Are you? You may have several bank cards, travel and entertainment cards, department store cards, and gas cards.

Issuer	Kind	Interest Rate	Credit Limit	Annual Fee	Other Fees
Anytown Bank	Bank card	18%	\$5,000	\$40	\$29 late fee
XYZ Oil Company	Gas card	16%	\$2,000	\$0	\$25 over limit fee

**Questions to ask:**

**Can you use the card where you usually shop?**

- Because many places today accept bankcards, you may not need a card that can only be used at one store (e.g., department store or gas cards). Learn which cards are accepted where you usually shop.

**What is the interest rate?**

- Look at the interest rate on each of your cards. Cards with higher interest rates will cost you more money if you do not pay off your balance each month. Keep a card with a lower interest rate.

**What is the credit limit?**

- Try to match the credit limit with your credit needs. If the limit is too low, you may not be able to use the card as much as you want. If the limit is too high, you may be tempted to spend too much.

**Are you paying an annual fee?**

- Are you receiving enough benefits to justify the fees you are paying? If not, you may want cancel the card.

**Choose one or two cards**

Most people find that they can get along with one or two bank credit cards. Decide which cards you actually need and want by asking yourself the questions on the left. Cancel the others.

If you wish to cancel a card, cut it up and throw it away and send a letter to the card issuer. Ask them to notify the credit-reporting agencies that the card is canceled “at the customer’s request.” Keep a copy of the letter for your file.

**More cards are not better**

You may get offers in the mail asking if you want still more credit cards. These offers often say that you are “preapproved” for the card. They urge you to accept quickly “before the offer expires.” Decide if you really need another credit card before you accept an offer.

You may be tempted to overspend if you have too many cards. You may find it more difficult to keep track of purchases you have made and how much money you have spent when you have several credit cards.

Use the chart below to list the cards that you are keeping. Keep the list in a safe place.

Creditors may also look at you as a poor credit risk because of the amount of credit you have available. Although you may not carry large balances, you have the potential to run up large amounts of debt. The more cards you have, the less eager creditors may be to give you more credit.

Credit Card	Issuer	Telephone Number	Interest Rate	Credit Limit	Annual Fee
1.					
2.					
3.					
4.					
5.					
6.					