

## Student Credit Cards and You

A strong credit history is important right from the start of your working life. Many of the big "firsts" you will accomplish, from renting your first apartment and buying your first car to getting a job with real responsibility, will depend upon your having good credit. Therefore, you need to build a good credit history and start as early as possible. Student credit cards are an important building block in establishing your credit history.

Begin by picking the right student credit cards. Student credit cards tend to have high interest rates and can have quite a few hidden fees, so read the fine print closely and educate yourself about what to look for. Choose the credit card offer with the lowest interest rate and the most reasonable schedule of fees.

Then learn to use your cards wisely. Charging a small amount to your credit cards each month is good as long as you pay it off in full at the end of the month. (After all, how are you supposed to show that you know how to be a responsible creditor if you never use your line of credit?) If you do carry a balance from one month to the next, pay more than the minimum required payment to reduce the amount of interest your account accrues.

If you are using your student credit cards wisely, you are unlikely to reach your credit limit. But emergencies have a way of happening. If you find yourself nearing your credit limit, stop spending immediately. If you absolutely must exceed your limit, do everything in your power to pay back until you are under your limit as soon as possible. Most credit card companies will happily let you exceed your limit because the interest rates they can then charge you are exorbitant. Another side effect is that when you exceed your balance, a note may appear in your credit report, which will lower your credit rating.

Another essential step is always paying all of your bills on time. This includes your rent and utility bills as well as your student credit card bills. If you pay any bill, even the smallest, late, that fact can show up on your credit report as a black mark against you. You have a grace period, but it is usually only about 30 days, so do not risk it.

Your credit history will determine more of your future than you suspect. Why leave it up to chance? Use student credit cards responsibly, establish an official record that you are a wise and sensible consumer who can handle his or her financial obligations, and lay a firm foundation for your future.

## About the Author

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