CAUTION

Stop credit card junk mail and protect your wallet

Preapproval for credit cards may seem like a reward for good behavior, but be cautious when you receive offers in the mail. Not only can all this junk mail be flat-out annoying, it can also tempt you to open new lines of credit that may have high fees and APRs hidden behind confusing language.

You can sidestep this temptation by opting out of prescreened credit offers.

- Go online to *OptOutPrescreen.com* to block these offers for five years, or call 888-567-8688 toll-free.
- You can stop the offers permanently, too. Along with the online form, you'll need to sign and mail in the "Permanent Opt-Out Election" form. You can print it off their site.
- You can opt back in at the same website and number.

Opting out won't hurt your credit score, and even though they ask, you aren't required to give your Social Security number.

Plastic surgery: Nip excess and tuck bonuses into your pocket

Don't botch your savings or credit by leaping at credit card bonuses that seem too good to be true. Get the inside scoop, and then decide whether to sign on the dotted line.

Keep cash-back cards simple and reap the rewards. Who wouldn't be excited to get a few dollars back on a purchase they'd make anyway? But the devil's in the details, so watch out for cash-back blunders.

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- Aim for a card without annual fees, which can range from just $1 to over $150.
- Avoid overspending to break even with a fee.
- Pick a card that offers at least 1.5% cash back.
- See if the bank that issued your card offers a bonus if you deposit your cash-back rewards into one of their accounts.
- Pay off your bill every month. Don't get stuck paying interest greater than your cash-back amount.
- Cards with a flat cash-back rate are easier to keep track of than ones with bonuses that change every month.

Don't lose out on rewards with poor planning. When you're earning points or miles instead of cash back, what you lose in flexibility, you often get back in better redemption value. Make sure travel rewards cards fit your lifestyle, though.

- Be realistic about what rewards you'll use. A travel card isn't worth much if you're not going to redeem the points you earn.
- Research airlines before redeeming your points. You can score a better deal with certain airlines.
- Don't put off redemption too long. Miles may lose value or expire in the future.
- Pick points if you can. They tend to be more flexible than miles.
- Don't pay a fee greater than your rewards.

Get out your magnifying glass and read the small print. You want your APR as low as possible, especially if you carry charges month to month. Also look out for fees, and be sure you have a grace period. Without one you might be charged interest starting on your purchase date.

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Stay away from the store-card stranglehold. A 20% discount at your favorite store for signing up for the store card seems like a deal. But make sure the potential drawbacks don't outweigh the savings.

- Store credit cards often have very high APRs, so if you're not paying off your bill at the end of the month your discount could be getting destroyed by the average 23% interest rate.
- Getting a store card is easy even if you have a low credit score. Be cautious and pay on time to slowly improve your score.
- These cards often offer a lower credit limit. Don't accidentally hurt your utilization ratio and credit score by overspending.
- Don't apply for multiple cards and damage your score with hard inquiries.

Weigh the pros and cons to find your best way to pay

Cash 	✔ no transaction fees and some retailers offer a cash discount ✔ easier to budget and avoid overspending ✔ no risk of a data breach ✘ no theft protection
Debit 	✔ prevents spending more money than you have available ✔ generally no fees unless you use a prepaid debit card ✘ limited rewards that don't stack up to credit card bonuses ✘ greater liability for theft compared to a credit card
Credit 	✔ many cards offer cash back or other perks ✔ proper use can improve credit score ✔ offers fraud protection and less liability for fraudulent charges ✘ easy to overspend and rack up interest and fees

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