

Developing Healthy Credit Habits

To build and maintain good credit:

1. Pay your credit bills on time.
2. Do not accumulate too much credit debt. If it starts to add up, **stop** using your credit card until you have paid off that debt.
3. Monitor your credit reports to look for errors and to avoid identity theft.

How much credit is too much?

Acquiring a lot of credit can add up quickly and be hard to pay off. Here are some signs that a person's credit card debts are accumulating and becoming difficult to manage:

- You pay only the minimum amount due on your credit cards each month.
- You buy so much on credit that the amount you owe from one month to the next never goes down.
- You take out new loans or get new credit cards to pay off old ones.
- You have to skip some payments.
- You are borrowing to pay for regular expenses like groceries because you do not have cash.
- You are frequently late making your monthly payments.
- You must rely on extra income from overtime work to make ends meet.
- You must use savings to pay current bills.
- You have more than 20% of your take-home pay committed to credit payments other than your home mortgage.
- You have lost track of how much you owe.
- You put off essential medical or dental work because you cannot afford it.

If you answer yes to more than two or three signs, you may need to work on trimming your debt load.⁸¹

⁸¹ Melinda Opperman. "10 Warning Signs You Have Debt Problems." *Credit.org*. <https://credit.org/blog/10-warning-signs-of-a-debt-problem/>