

6 TIPS FOR LIVING WITHOUT CREDIT CARDS

You may be on of the millions of Americans who think it's impossible to live without a credit card. You may also be one of the millions of Americans facing the consequences of this credit card dependence. According to a recent Washington Post article, American credit card debt reached near-record levels in 2019. So how do you break the trend and learn to live without the plastic?

1. **Commit to a budget.** Add up your monthly income, subtract your regular necessities and determine what's left. Decide how you want to spend what's left and don't spend any more. (Check out our article "Budgets are nothing to be afraid of – 10 tips to build a better budget" in this Kit.)
2. **Take the plastic out of your wallet.** Cut up your cards and resolve not to use them. If you need a convenient way to make purchases without using cash, rely on traditional or prepaid debit cards.
3. **Pay off your outstanding balances.** That will help you eliminate all the interest you're paying on debt, which adds more money to your monthly budget. Once you've paid off a balance, close the account. This will make it easier to avoid the temptation to charge more in the future.
4. **Save for expected needs.** Whether it's holiday spending or a summer vacation, estimate the costs and begin setting aside money in a savings account ahead of time. Then when it's time to pay for the gifts or vacation, the money is already there, and you're not tempted to spend more than you originally planned.
5. **Get creative.** Not sure you'll be able to secure a hotel or other reservation without a credit card? Many hotels accept MasterCard or Visa branded debit cards or a payment made through a site like PayPal. They might even take cash. Note: If you use a debit card to secure a reservation, the company may put a hold on a minimum amount from that card, which could make the amount unavailable to you for a period of time. Call ahead to find out the company's policy.
6. **Manage the cards you keep.** It's true using a credit card helps you establish and maintain a good credit rating. If you decide to keep a card to help with your credit rating, treat it like a debit card. Use it exclusively to buy things you know you can afford and pay it off at the end of each month.