

Getting Control of Your Cash

by Sarah Carter

So you've started to get credit card applications in the mail now.

It is pretty cool to see the shiny Visa or MasterCard logo with your own name printed beneath it. You are suddenly old enough to open credit card accounts, to make and spend your own money – basically, to manage your own finances. But according to statistics, the majority of American teenagers are uninformed about money matters.

There are lots of practical ways to get control of your money:

\$ Open a savings account. Yes, the box in your bedroom is a much easier (and more accessible!) place to keep your money, but depositing it in a bank keeps you from spending it too quickly, and best of all, it makes your cash grow! Although interest rates in most banks aren't very high, they still add to what you already have.

\$ Earn your own money. Not only does getting a job give you the pleasure of a paycheck, it also helps in making wise spending decisions: You might think twice before buying the super-deluxe DVD player when you remember how many hours of frying tater tots it takes to earn that \$500.

\$ Plan for the future. Remember all of those credit card applications? Think twice before opening a card that could become a trap. Many young people make the mistake of running up huge credit card debt that takes years to pay off and looks bad on your credit record. Keep in mind that once your record is harmed, the consequences will be with you the rest of your life, every time you try to take out a loan or open another account.

\$ Budget your money. This means knowing how much money you'll need for each aspect of your life and setting it apart intentionally. You may have a budget that allows for a savings account, charitable giving, new clothes, gas money, and weekend fun. Whatever it is, make sure that you stick to it! This may be hard when your friends are begging you to go to that new movie with them, but the self-discipline you learn now will stay with you, giving you fewer worries in the future.

For more information on money management, check out www.bankrate.com or www.ihatefinancialplanning.com.

If you're thinking about getting a credit card as a convenience item, make sure you can pay off the entire balance each month. If not, you're basically throwing your money into a gigantic compound interest sinkhole. **Need proof?**

Check out how long it will take to pay off a credit card bill of \$2,500 (the average credit card balance for undergraduate college students is \$2,226) – paying the monthly minimum and with no additional charges...

Credit card balance: \$2,500

Interest rate: 18%

Minimum payment based on 2.5% of balance: \$62.50

It will take you 20 years and four months to be rid of your debt. During that time, you will pay \$3,365.51 in interest alone.

Source: www.bankrate.com