

We know card rates, but fees still sting

By Perrie Croshaw | July 05, 2009 12:00am



- **Australians clued up on credit card fees**
- **Still hit with late payment fees**
- **[What's best?](#): Compare credit cards**

Plastic fantastic ... most Australians know the exact rate on their credit cards, a survey has found / File

A MAJORITY of Australians say they know the exact fees on their main credit card but almost half have still been stung with late payment fees and a quarter have been hit with fees for not paying enough of their monthly bill, a survey reveals.

This contradiction between knowledge and behaviour is further illustrated by almost a third of the respondents to the news.com.au credit card survey saying they knew the interest rate on their card.

Another 43.9 per cent said they knew their credit card interest rate to the nearest per cent and more than half - 55 per cent - said they knew exactly how many interest free days they had on their main credit card.

The online survey of 726 people was conducted between April and June for news.com.au by CoreData.

In more positive news, 44.8 per cent of respondents said they paid their credit card debt in full and only 12.8 per cent said they only made the minimum monthly repayment.

The survey also found that more than half of all respondents - 55.2 per cent - had been asked to pay a surcharge when using their credit card to make a purchase at a business or in a shop.

The respondents to the survey were most male - 68.6 per cent - and more than half of had a gross household income above \$75,000 per annum.

Pay off your monthly bill - expert

Ignoring the minimum monthly payments on your plastic is the sure way down the rocky road to insolvency, says entrepreneur and author Tony Melvin.

"Killer debt must be paid off as soon as possible."

By accumulating credit card debt, you are ripping yourself off in the future, because it's the future you that has to pay off this debt, he said.

"Money management is more of a time game than anything else. To avoid debt, you need to make sure you set aside money for the present and the future.

"People's problem is that they spend their future money - that's what using credit is.

"By doing this, you are really ripping yourself off as it's the older, tired, harder working you that has to pay that off."

Credit Card tips

If you have substantial credit card debt, you might consider finding a low interest rate credit card with a low balance transfer introductory rate. Transfer as much of your credit card debt as you can across to this lower rate card and make it a priority to pay it off as quickly as possible, while still making the minimum payments on your higher interest rate card.

Money tips

- Your main financial goal is solvency
- Solvency is measured by your net worth and viability
- Net worth = assets - debt
- Viability = income greater than or equal to your living expenses

Break up your income

Set aside 10 to 20 per cent for future needs, no matter how much debt you are in. If you have killer debt (debt against things not going up in value such as cars or televisions) you need to pay this off as soon as possible.

Have a future investment fund of 10 per cent.

Live off about 60 per cent of your income. With that discipline in place, you will pay off your killer debt.

Put aside 5 per cent for education needs (business, investment) and 5 per cent for emergencies.

People who get rid of their killer debt move into a position of control. This is the principle of how to become solvent – which simply means you have more asset than debt, a positive net worth.

Source: www.solvencymakers.com