Updated Credit Card Primer

When it comes to collecting miles and points, each person's purpose is different, but a few simple rules will guide you through not losing your head financially.

1. Have a goal in mind
2. Do your research on what you want to target
3. Always pay off what you spend each month
4. Use your credit card for what you *need* rather than what you *want*

Credit Card Notes

- **Be active:** Be a barnacle. Stick long enough with a bank to get what you want without sacrificing anything and move on. The credit card companies *need* you more than you need them.
- **Know your financial health:** Assess the value of your current collection of credit cards. If they're not something you want, look around. Even a card with an annual fee can be valuable. Case in point, Chase's Sapphire Reserve has a yearly fee of $450, but it becomes $150 after the $300 travel credit is applied. It drops to $100 when you include the $50 Doordash credit they give you after renewing.
- **Transfer; never close:** Avoid closing a card without transferring your line of credit. Even if that means opening a card with no annual fees, that line of credit will not be available to you again if you close out the card.
- **Use your cards:** It's at their discretion they allow us to use a credit card. The banks can close an account without any warning. If they recognize you have a high balance and a seldom-used card, they could close it. I use all my credit on yearly or monthly expenses to keep them active.
- **Organization**: Track your available credit either through an app like Mint or a spreadsheet. Excel is a powerful tool for keeping track of when you opened or closed your cards, the reward deadline and everything associated with the card.
- **Reconsideration lines:** If you're not immediately approved, call the reconsideration line and negotiate. Ask about opening a card via transferring credit from another card to the one you want to open.
- **Behaviour**: Be polite and kind to the person you're dealing with; they've likely had a long day of dealing with problems. Know their name and be congenial. Don't lie about your ambitions. Be honest, "You're looking to open this card to go on a trip or book flights." If the first agent won't help you, hang up and call again.

- Screenshots: Capture the credit offer with either a screenshot or screen capture. If you need to advocate for your points/miles later, that screenshot might be helpful.
- App-o-Rama: If you're interested in a few cards, try applying for them on the same evening and within a short duration of time together. Banks generally make hard credit pulls once every 24-hours. If you bundle them, they won't know about the other credit applications.
- Multipliers: There are online shopping portals for airlines where you can get multiply your purchases. Create an alert for your preferred store on United, Southwest, or American. For example, if you buy a new Apple laptop, it's possible to get a multiplier of anywhere between 4x,5x,8x, even 10x throughout the year. That means if you buy a $2K laptop, you can earn upwards of 8,000 miles on a 4x multiplier event.
- Use your points: Don't sit on them unless they're American Express' Membership Rewards or Chase Ultimate Reward Points. They're more like cash and allocated to a hotel or airline without a lot of hassle. Airline or hotel points cards are great for reward bookings but be aware there's always the threat of devaluation.
- 10% Rule: This is not an official rule but look at your entire credit card portfolio and look at the debt you're carrying. Avoid having more than 10% of your collective credit as debt across your portfolio. The credit agencies do monitor how customers handle their credit lines. If a customer can manage open lines of credit, there's a substantial likelihood of increasing the lines of credit in the future. Not to mention targeted offers not publicly available.
- Credit score: Contrary to popular opinion, opening and closing credit cards does not always hurt your credit score. Each time a customer applies for a credit card, there's a hard pull or inquiry on their credit report, which reduces one's score by a few points. But the reduction is temporary as those points return after two years. Long-term handling of credit without too much debt is a form of managing risk effectively. That helps a customer's overall financial health and creates opportunities for future life events, and may increase your score in the long run.