

Credit cards - phase 2 - ip



Dear son You are now a freshman in college and have entered into a new life where you will be facing new challenges that would help you to evolve as an individual. We all go through these essential phases of growing up and the way we are able to tackle new situations in our life, helps us to develop strong character and tenacity of will that tides us over the adversities in our life. At various stages of your growing up, we too have undergone stages of learning about you and have tried to impart good habits of living that will stand the test of the time and would especially be useful in your freshman days, when you would have to make all your decisions on your own.

While we know that you have now become a responsible adult, I would nevertheless, like to tell you something about the most crucial factor of one's life. The management of money, especially the use of credit card is an important aspect of life and becomes all the more critical for the freshman because they not only need to know the advantages of the credit cards but also the pitfalls of its mismanagement. This is the one type of paper currency that gives you instant access to goods and services without actually having it in hard cash so it is easy to forget the value of money. Judicious use of money and credit cards shows responsible behavior and inculcates habits that would never let you fail in life.

As you know, the credit cards have great advantages. One of the most important is that it helps you to meet emergency situations with ease and confidence. You do not have to carry large amount of cash while on traveling or shopping. They make it easy to buy goods and protect your purchases in case of theft or loss thus considerably increasing your purchasing power.

Sometimes, credit card purchases may also give additional benefits of extra discounts. But the most important advantage of credit card is that they help

you to establish credibility in the market which you would be a huge help when you require money for important matters of your life. Good credit card credibility is a great asset for securing loans from financial institutes, facilitates rental application and sometimes even jobs. You can acquire good credit history by making prompt payments of all your bills without resorting to part or installment based scheme of payment schedules.

The biggest pitfall of credit cards is that it gives you indiscriminate power of spending and encourages people to spend money that one does not possess! This often leads to debts that keep accruing because as a student, you have limited budget and would not be in a position to make easy repayments of huge credit card spending. The most distressing part is that the credit cards charge exorbitant rate of interests on the balance and you are caught into the vicious cycle of debt that keeps mounting at great speed! In the recent times, another pitfall is credit card frauds and you will need to be extra alert on.

In the end, I would like to caution you on the judicious use of your card because I think they are linked to one's perception of life and reflect the inherent tendencies of personality traits and strong sense of social accountability.

With love

Father.