

# WISE CREDIT CARD USE

## **Carry only one credit card.**

A fist full of regularly paid-in-full credit cards is viewed as a potential debt by a lender and can sink a mortgage or a loan application. Carrying only one card avoids the reporting problems of numerous cards if your purse or wallet is stolen. Only having to check one statement and make one monthly payment are also pluses. If you are afraid of hackers, it might be good to have a separate credit card for online use only.

## **Only purchase what you have planned for in your budget.**

There is nothing wrong with buying necessary household items or even paying for your utilities with plastic, but **ONLY** as long as you have the money set aside in your family or individual budget.

## **Pay your card in full before the end of the grace period.**

Join the ranks of those who pay their credit cards faithfully in the grace period allowed. The best investment you can make is to save the 16-18 percent interest you pay to a credit card issuer—much better than the 2-5 percent savings interest currently offered by financial institutions.

## **Keep the total credit limit on your card to the minimum.**

When the credit card company sends you a nice letter indicating that because you have been a valuable customer, it wishes to increase your credit card limit, why not join the credit card limit revolution and write back indicating that you would like to keep the limit at the same level or, better still, at half the current limit? Lower your limit to the amount that would meet your real emergency needs and nothing more.

### **PLEASE NOTE:**

If you fail to meet these fundamental principles of wise credit card use, please do the honorable thing and destroy those cards immediately!

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## CREDIT CARD FACTS

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**I**n your current purse or wallet, you probably have at least two credit cards. Or you may be like a number of Americans with four or five. However, not too many of you will have 10! You would think that's a bit excessive. How about 20? Or 100? You would think having that number of credit cards is extreme and very unlikely. Now, what about 1,500? Unbelievable!

But there is one man who has nearly that number of credit cards. His name is Walter Cavanagh, a former financial planner. Now in his mid-70s, he's currently the Guinness World Record holder in the category of "largest collection of valid credit cards." At last count, he had 1,497—with a total line of credit exceeding \$1.7 million.

Cavanagh is often called "Mr. Plastic Fantastic." His strange hobby started in the 1970s when he made a bet with a friend. Whoever could collect the most credit cards by the end of the year would win dinner. Cavanagh collected 143 cards—five more than his buddy.

Unlike his friend, Cavanagh didn't stop after the year was up. He just kept on applying for new cards. Interestingly, the one company that rejected him was a now-defunct five-and-dime store called J.J. Newberry. Cavanagh's collection has cards for

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everything—from gas stations to ice cream parlors, from banks to shoe stores. He even owns a sterling silver card from a closed casino in Reno and a card from Harry's shop for big and tall men, although he is neither big nor tall.

He keeps them all in a 250-foot (76.2 meters) wallet—the “world’s longest wallet,” according to Guinness. It weighs 38 pounds, 8 ounces (17.49 kilograms)! Put another way, laying end-to-end, Cavanagh’s credit cards would reach the top of a four-story building.

You may be surprised to learn that Cavanagh uses only one of his 1,497 credit cards, and he pays it off in full at the end of every month.<sup>1,2</sup>

### MORE AMAZING CREDIT CARD FACTS<sup>3</sup>

- In 2013, the average US household credit card debt was \$15,191. Since not all people pay off their cards each month, and assuming an interest rate of 15.24 percent—with a minimum payment of 2 percent—it would take a household more than 30 years to pay off its debt. By the time the balance was paid off with interest, the amount would be just under \$40,000.

- The three largest credit card companies in the world have more than 1,635 million cards in circulation. (Visa has 800 million; Mastercard has 731 million; and American Express has 104 million.) If you lined up all these cards, they would measure 86,981 miles—three and a half times around the world!

- Sears issued the first retail store card in 1911. The Sears credit card continued until 2003, when Citigroup bought out the company’s card and membership list.

- In 1958, Bank of American

**JESUS MAY HAVE BEEN THINKING OF OUR GENERATION’S CREDIT CARDS WHEN HE SAID, “BE WISE LIKE SERPENTS AND HARMLESS AS DOVES” (MATTHEW 10:16).**



## Did you know that 29 percent of Americans do not carry a credit card?<sup>4</sup>

employee Joseph Williams thought it would be a good idea to send—unsolicited—60,000 bank credit cards to people in Fresno, Calif. The cards had a credit limit of \$300. By October of 1959, Bank of America had sent two million credit cards all over California. Unfortunately, 20 percent of the credit accounts became delinquent, so Bank of America lost \$8.8 million, and Williams lost his job. (Nowadays, it’s illegal to send unsolicited credit cards in the mail, but it’s all right to send pre-approved applications.)

- A national survey indicated that 40 percent of Americans use credit cards to pay for rent, mortgage payments, utilities, insurance, and groceries. They’re not doing it for the reward points; they are doing it because they don’t have enough cash for basic living expenses.

- Many states have laws to limit the interest rates that financial institutions can charge. For example, California’s limit is 7

percent. Unfortunately, state laws don’t apply to national banks, according to a 1978 Supreme Court Ruling.

- Typically, women have worse credit card habits than men, according to a report by the Financial Industry Regulatory Authority. They are more apt to carry a balance on their cards, generate late fees, or make only the minimum payment on their balances. However, that gender gap disappeared when women had the same “financial literacy” as men.



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