

## The Long-Term Effects of Overspending

As the holiday season approaches, many consumers will neglect their financial health in order to fulfill the wishlists of loved ones. Shopping with your heart instead of your head can cause you to lose sight of the long-term consequences of overspending.

People spend more when paying with plastic than they would when paying with cash. Here are some potential credit pitfalls to keep in mind during holiday sprees:

- **Additional Interest.** The more you charge to a credit card, the more interest you pay if you can't pay off the balance. So, while you think you got a great deal, it could end up costing more in the long run.
- **Loss of Borrowing Power.** Adding to your total debt can cause lenders to deny applications for new lines of credit. And if credit *is* granted, it is likely to be at a high interest rate.
- **Lower Credit Score.** Extra debt sometimes leads to late or missed payments, and using too much of your available credit, all of which could lower your credit score.
- **Remaining in Debt.** Overspending during the holiday season can be a vicious cycle, causing consumers to dig themselves further into debt.

### Think Twice about Store Credit!

*Is the on the spot discount worth it?*

- If you're not a regular customer of the store, chances are it's a line of credit that you don't need;
- Interest rates on these cards are usually higher than a general credit card.
- Too many credit inquiries within a small amount of time can potentially lower your credit score.

### FOLLOW THESE TIPS TO GET STARTED, AND STAY, ON THE RIGHT TRACK:

**Track your Spending.**  
Keep a careful record of what you spend for one month. Your spending habits may surprise you.

**Set goals.**  
After evaluating your spending habits, set both short-term and long-term financial goals.

**Keep it up!**  
Continue to track your spending. Consider a smartphone app or notebook to track your purchases.

SCDCA aims to protect consumers from inequities in the marketplace through advocacy, complaint mediation, enforcement and education. To file a complaint or get information on consumer issues, visit [www.consumer.sc.gov](http://www.consumer.sc.gov) or call toll-free, 1.800.922.1594.