

Shaky job? 7 ways to manage your credit

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Updated, April 22, 2020 – Credit cards are never more dangerous than when you're unemployed. Of course, if you're underemployed, they're quite dicey as well.

If you don't dread carrying credit card debt and being unemployed, you can always ask someone who's out of work. It's simple math. When your income is dropping, and your debt is growing, the outcome is never going to be pretty.

So if you suspect you could lose your job, or if you've just been given walking papers, aside from dealing with the shock, scrambling to get your resume updated and wondering what the future holds, it's imperative to think through how you're going to manage your credit cards. Because while they can be your best friend when you're unemployed, they can also be your worst enemy.

Here are some strategies for managing your credit cards if your job is in jeopardy—or beyond:

- 1. Pay down debt while you can.** Obviously this is easier said than done for some people, but if there's any time to start paying it down, it's now, while you still have an income.
- 2. Make sure that your emergency fund is in good shape.** Having an emergency fund is vital, especially when you're unemployed, as it can help you cope with life's expenses without going into debt or missing bill payments. If you end up facing unemployment, you'll be grateful for funding to fall back on.
- 3. Check whether you're eligible for a 0% APR credit card offer.** Many credit cards offer new cardholders a period of introductory 0% interest on purchases (and/or balance transfers – see below). If you know you're going to need a few months of paying your regular expenses before you get back on your feet, a 0% offer could save you a tremendous amount of money and give you time to find a new job and pay back off your debt before interest charges set in. [Take a look at the best 0% APR credit cards.](#)
- 4. Transfer your balance to a low-APR card.** If you're already carrying debt on a credit card, now is NOT the time to keep paying interest if you can avoid it. If you can roll over your debt to a credit card that has an introductory zero interest rate, that can give you time to catch your breath and not have to pay as much of a monthly balance. There are [options with intro balance transfer offers](#) as long as 18, or even 21 months, which hopefully will give you plenty of time to get back on your feet.
- 5. Don't tell your credit card issuer you've lost your job.** Huh? Well, not yet, not right away, because you want to think this through. Once you give any hint that your job is in trouble or nonexistent, you could find your credit line reduced or even your interest rate raised, certainly NOT what you need at this time. If the job loss is temporary – perhaps you've just been furloughed during the COVID-19 restrictions – and you feel you'll be

able to manage your credit, the bank won't care as long as you stay current on payments.

Just remember, it's no fun being in debt and employed so do your best to avoid going even deeper in debt and when you're unemployed (see Tip #4 above).

6. **Don't use your credit cards to maintain your current lifestyle.** It's common sense to any level-headed person, but if you've just lost your job, you might not be level-headed right now. You may be panicking, in denial, or simply trying to cushion your family from having to sacrifice. But your credit cards need to be used for emergencies and necessities, not for eating out and going to the movies.
7. **Don't use your credit cards for a cash advance.** Credit card cash advances are almost never a good idea – even if you feel like you need cash right away. The interest rates on cash advances are often higher than for regular purchases and that interest begins accruing immediately rather than after a grace period like it does for purchases. It just isn't worth it. Make sure you [understand credit card cash advances](#) fully before you make that move.

Only you know your own situation — your income, your job prospects, the interest rate on your card, how much debt you're carrying, your expenses, etc. Without detailed knowledge of your situation, it's impossible for any personal finance expert to say definitively, "Here's what you should do."

Don't panic if your debt begins to overwhelm you. Being in debt isn't a pleasure cruise, and, yes, it's going to hurt seeing your credit score crumble, but your credit cards are pretty insignificant compared with the important things in life like feeding your family and keeping a roof over everyone's head. Better to lose your credit cards than your peace of mind and your health. There's always a possibility to get your credit cards back when times are better. [Related Articles](#)
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