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**OZARKS VOICES »****New pitfalls await credit card users**

Alice WHINNERY

With the holiday shopping season in full swing, credit card companies are targeting consumers with "special offers" that will leave many consumers vulnerable to costly pitfalls that could hit them hard in the new year.

Although some of the latest trends in the credit card industry have been reported in the news, many consumers aren't getting the full message of how dramatically the trends will affect them.

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Here is a summary of the new strategies credit card companies have implemented in just the past four months alone:

- The new bankruptcy laws went into effect in October, making it more difficult for consumers to eliminate credit card debts.
- Credit card companies doubled minimum monthly payments; the increase takes effect in January.
- Most credit card companies introduced a "penalty clause" stating that if a consumer is one day late with their payment, or goes \$1 over their limit, their interest rate could jump to 30 percent. Late fees also increased to an average of \$35, and over-limit fees to \$39 per incident.
- "Universal default" was introduced, meaning that if a payment is late on one card — or if a consumer applies for too many other credit cards — "universal default" can send interest rates on other loans skyrocketing to 30 percent or higher, even if the consumer has not been late on any of those loan payments.

It's incredible to think that simply filling out a credit card application to save an extra 10 to 15 percent on a single purchase can cause interest rates on all of your other credit cards or personal loans to jump to more than 30 percent.

The temptation to revel in holiday indulgences can be hard to deny, but consumers need to educate themselves on how these trends in the credit industry can adversely affect them in 2006.

Otherwise, you may end up feeling like every time you open a credit card statement, lumps of coal fall out.

*Alice Whinnery is the founder and CEO of the LFE Institute, a national Financial Literacy Education company headquartered in Springfield. Ozarks Voices appear daily and should be up to 400 words. They appear with a photograph of the author and brief biographical information.*

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