

Tips for Managing Multiple Credit Cards

Having multiple credit cards can be an excellent way to build your credit, access more rewards and meet your financial goals when used responsibly. However, some card holders find it difficult to juggle several different cards due to varying terms, fees, credit limits, and due dates. Thankfully, there are ways to manage multiple cards so you can take advantage of their benefits while keeping your credit score intact.

In this article, we'll cover some of the most common questions people have about managing multiple credit cards, including:

- Is having multiple credit cards good for your credit score?
- How many credit cards should you have?
- What's the best way to manage multiple credit cards?

Let's get started!

Is having multiple credit cards good for your credit score?

There's a lot of confusion surrounding the use of multiple credit cards and their effect on users' credit scores. Some people believe the more credit cards they have, the higher their credit score will be, but that's just a [credit card myth](#). The truth is that having multiple credit cards can have either a positive or negative effect on your credit score depending on how you use them. To fully understand how this is possible, you need to know what a credit score is and how it's calculated.

The purpose of a credit score is to gauge how well a person manages borrowed money. This score is based on [five different factors](#): payment history (35%), credit utilization (30%), length of credit history (15%), new accounts (10%) and credit mix (10%). It's important to note that these factors are not treated equally; some – like payment history and credit utilization – are weighed more heavily than others.

Let's look at how your credit usage impacts some of these factors. If your credit cards are maxed out and you're having trouble making payments on time, your credit score will inevitably go down. This is because the top two factors (payment history and credit utilization) have been negatively impacted. On the other hand, if you pay on time every month and keep your credit balances low, your credit score will increase because that shows you manage borrowed money well.

In essence, it's not the number of credit cards you have that matters, but how well you manage the cards you have. So if you're wondering, "Should I have multiple credit cards?" the answer is yes, as long as you use them wisely.

How many credit cards should you have?

Americans currently hold an average of [3.84 credit cards](#), but does that indicate how many credit cards you should have? Not necessarily. It all depends on where you currently are on your credit journey, what your goals are and how well you manage debt.

If you recently turned 18 and haven't started building your credit history, it's vital to get at least one credit card as quickly as possible. Without a credit card, it will be difficult to prove your creditworthiness to other lenders. This could create challenges in the future when you want to borrow money to purchase a car or home.

For those who already have a credit card and have used it wisely in the past, taking on another card or two could be a good idea. There are several benefits to adding another card, including greater flexibility, access to more rewards and the potential to lower your credit utilization. The last benefit is especially important if your goal is to increase your credit score.

Let's look at how this works. If you have one card with a \$5,000 limit and a \$2,500 balance, your credit utilization is 50%; that's quite a bit higher than the <30% that [credit experts recommend](#). By opening another account with an additional \$5,000 limit, your utilization percentage would decrease to 25%, falling within the lower range and boosting your credit score.

Of course, it's important to remember that your credit score may take a small hit when you first open that new account. However, new accounts only make up 10% of your credit score and affect your score temporarily; in time, getting the new card will improve your overall credit score as long as you keep the balance low.

How to manage multiple credit cards

Having more than one credit card is a great idea, provided you know how to handle them. To help you make the most of the cards you have and ensure you use them wisely, here are some tips on the best ways to manage multiple credit cards.

1. Keep track of your credit cards

It's essential for credit card holders to understand exactly [how credit cards work](#), but this is especially true if you carry more than one card. When you have multiple credit cards, it's easy to forget each one's terms, credit limits, fee schedules, rewards, and payment due dates. To prevent this from happening, make a spreadsheet where you can keep track of the various cards you hold and maintain all their vital information in one easy-to-reference document.

2. Designate a purpose for each card

Another great way to manage multiple cards is to designate a specific purpose for each one. For example, you could charge all travel expenses to a card that offers incentives on hotel bookings, airline tickets and rental car reservations to maximize rewards.

You could also assign one card for essential purchases such as groceries, gas and clothing with another for non-essentials, such as dining out and entertainment. Then you can set a budget for each card to limit how much you're willing to charge on it every month. This makes it easier for you to track expenses while keeping spending under control.

3. Simplify your payment due dates

One of the biggest challenges with having multiple credit cards is keeping track of various due dates. While the spreadsheet that's recommended in the first tip will help with this issue, it doesn't completely solve the problem. The best way to manage differing due dates is to change them so they all fall on the same day of the month. This is easy to accomplish – simply call your credit card company and tell them you'd like to alter your payment due date.

4. Sign up for automatic payments

Another potential problem you may encounter with multiple credit cards is accidentally skipping a payment. This, of course, is something you want to avoid since it can negatively affect your credit score. Thankfully, there's an easy fix: You can schedule automatic payments or set reminders on your phone or calendar so you don't forget to do it manually.

5. Check your credit activity regularly

Checking your credit card activity frequently is a recommendation all card users should follow, but it's even more important when you carry multiple credit cards. When you have more than one card, it's a lot easier for fraudulent activities to go unnoticed. To avoid this, review your transactions at least two to three times per week and report any suspicious activity to your provider immediately.

Learn more about Cadence Bank's credit card options

If you want to build your credit, take advantage of more rewards and reach your financial goals, then having multiple credit cards could be the right choice for you. To apply for a new credit card through Cadence Bank, simply [reach out to one of our personal bankers](#). To learn more about managing your personal finances, check out the many helpful articles that are [available on our website](#).