CREDIT CARDS

When used and managed properly, credit cards offer:

* convenience
* a sense of security
* the ability to build a good credit history

When used irresponsibly, credit cards can cause:

* excessive debt
* a poor credit history
* long-term financial liability

CREDIT CARD COSTS

* Annual fees- many financial institutions charge an annual fee for the privilege of using their card
* Interest- financial institutions charge card holders monthly interest on credit card balances (expressed as %APR)
* Penalty rates- many financial institutions raise your interest rate if you make late payments or exceed your credit limit
* Low interest teaser rates- these rates are time-limited, and are raised to a higher rate later

CREDIT CARD TERMS

* Annual Percentage Rate (APR)- your interest rate
* Minimum monthly payment- smallest payment you can make and still be in good standing. The most expensive way to pay your credit card bill
* Credit report- collection of info obtained from your creditors reflecting the extent of your credit and payment history (your credit “report card”). Negative info remains for 7 years!

CREDIT CARD DOS

* Pay your bills on time
* Limit yourself to one credit card
* Differentiate between wants and needs
* Pay your bill as soon as you receive your statement
* Pay your bill in full each month (at least- pay more than the minimum monthly payment)
* Check monthly statements
* Notify your bank if you move, or if your card is lost or stolen

CREDIT CARD DON’TS

* Don’t use your card for major purchases (school, car, etc.)
* Don’t skip payments
* Don’t’ use one credit card to pay another
* Don’t give in to opportunities to raise your credit limit