



The ABCs of Credit Card Finance

Essential Facts for Students

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Essential Facts ... Two Groups of Information

- Credit Card Costs
- Credit Card Behaviors

Credit Card Costs



- Annual Fees
- Interest (APR)
 - CARD Act of 2009
 - APR Stable for One Year
 - Exceptions: Promotional Rates, Variable APR, 60 Days Behind in Payment, Temporary Hardship
- Average Daily Balance Method
- Cash Advances & Convenience Checks

- Payment Allocation
- Default Rates
- Low Interest Introductory Rates
- Balance Transfers
- Late Fees
- Over-Credit-Limit Fees
- Bounced Check Fees
- Currency Conversion Fees
- Payment Fees

Choosing a Credit Card



Look For:

- ✓ A Low, Fixed Annual Percentage Rate (APR)
- ✓ No Annual Fee
- ✓ A Long Grace Period
- ✓ Average Daily Balance Method
- ✓ Low Fees

Types of Credit Card Users

- Convenience Users
- “Revolvers”

The Schumer Box



- Introduced by Senator Schumer
- A Grid Containing Rates & Fees
- Easy to Compare Credit Card Offers
- CARD Act Requires Issuers to Post Cardholder Agreements on Internet

Dos and Don'ts



- One Card
- Student Loans for Tuition
- Wants vs. Needs
- Convenience
- Pay More Than the MMP
- Be a Manager

- Don't Skip Payments
- Pay on Time
- Don't Exceed Your Credit Limit
- Cash Advances
- Convenience Checks
- Be Wary of Teaser Rates

- Credit Card Shuffle
- Low Credit Limit
- Quickly Mail Payments
- Save Receipts
- Change of Address
- Lost and Stolen Cards

There's Always
a Solution



Getting Out of Debt

- Don't Deny Problem
- Stop Using Your Card
- Contact Your Credit Card Issuer
- Get a Job
- Reduce Expenses
- Talk about Your Problems
- Debt Consolidation

Credit Reports & Credit Scores



Credit Report

- Collection of Information
- Financial Report Card
- Lenders Use this Information
- 3 Main Credit Reporting Agencies
- Regularly Review Your Credit Reports

Credit Score

- Numeric Value Applied to a Credit Report
- Usually Called a FICO Score
- Higher is Better

What Goes Into Our Credit Scores?

- 35% Payment History
- 30% Total Amount Owed
“Debt-to-Credit Limit Ratio”
- 15% Length of Credit History
- 10% New Credit
- 10% Types of Credit

Consequences of Irresponsible Credit Card Use



- Denial of Credit
- High Interest Rates
- Difficulty Renting an Apartment
- Denied Employment
- Graduate School Rejection
- Higher Insurance Premiums
- Big Bucks for Cell Phones
- Higher Deposits

Identity Theft



Signs of Identity Theft

- Card/Statement Not Requested
- Statement Not Received
- Unauthorized Charges
- Denied Credit
- Debt Collectors

Minimize the Risk...

- Keep Personal Information Personal
- Don't Use Social Security Number
- Leave Social Security Card Home
- Carry Only What's Needed
- Photo ID Credit Card
- Know Your Billing Cycles

- Shred Receipts
- Use the Post Office
- Creative Passwords
- Purchase on Secure Websites
- Keep Personal Information Safe
- Review Credit Reports
- Computer Virus Protection

Victims of Identity Theft Should...

- Contact the Big Three
- Fraud Alert
- Order Free Credit Reports & Review
- Call Fraud Departments
- Close Fraudulent Accounts
- File a Police Report
- Contact the FTC

