

Questions to Ask About Credit Cards

Consider these questions when reviewing credit card offers or re-evaluating existing cards

- **Fees:** Is there an annual fee? What are the fees for late payments, returned checks or charges over the credit limit? What's the fee for getting a "cash advance" (such as using your credit card to get quick cash from an automated teller machine)? Is there a fee for paying off your balance in full each month? Can one fee trigger another fee? For example, if a late fee or annual fee makes your balance go over the credit limit, can the bank also charge you an over-limit fee?
- **Interest Charges:** What is the Annual Percentage Rate (APR) on the card? Is the advertised APR a short-term "teaser" rate that may increase dramatically after several months? Does the low advertised rate apply only to balances you transfer to your card from other loans or cards you have and not to any new purchases you put on the card? What method will be used to calculate interest payments—the "average daily balance" approach (the most common) or some other system that may cost you more? Is there a different interest rate for cash advances than for other uses of the card? Can the interest rate be increased without prior notice and, if so, under what circumstances (for example, if you're late on a payment)?
- **Grace Periods:** Does the lender give you time to send in a payment before interest is charged on your account balance? If so, how long is that grace period, and does it apply differently to new purchases versus old purchases still on your account? How many days beyond the due date will the lender give you before imposing a fee for a late payment?
- **Miscellaneous:** What's your credit limit? What are the rules and restrictions on the various freebies, such as airplane tickets, cash rebates or other bonuses? What is the card company's policy on sharing or selling information about you (your address, phone number, account number, payment history) to other companies or even charities that might want to contact you? How can you "opt out" if you don't want this information provided to anyone else?

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