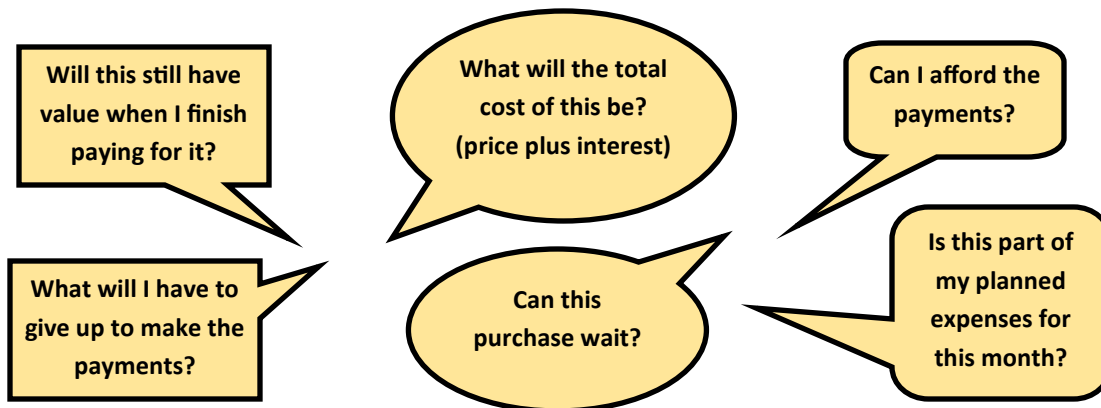


UNDERSTANDING CREDIT

An important part of your financial future is understanding credit. Credit is available in different forms and it is important for you to know one type from the other:

- **Installment credit** is credit given for a certain period of time for a specific amount of money. Once the loan is paid off, the account is closed. Examples of installment credit include car loans and mortgages.
- **Revolving credit accounts** are accounts that allow you to make repeated purchases. You can either pay the balance in full or in installments. You can use the same credit at a later date to buy something different and not have to sign a new contract with the creditor. Examples of revolving credit include credit cards like Master Card and Visa, gas cards, and department store cards.

Ask yourself these questions before using credit to buy something:



When you use credit, you borrow money with the promise that you will pay it back over time. You will also have to pay the creditors an interest fee for using their money. Before using a credit account, make sure you know these terms:

- **APR (Annual Percentage Rate):** The percent you will be paying per year for the use of your credit account. Shop around for the lowest rate, especially if you carry a balance from month to month.
- **Cash Advance Rate:** The rate you are charged when you use your card to receive cash. Cash advances usually have higher rates than the APR and often there is no grace period so you are paying interest from the day you receive the cash.
- **Grace Period:** The amount of time that you will be given on new charges without paying interest. Generally the grace period is 20-25 days. If the balance is paid in full each month, you are basically given an interest free loan.
- **Annual Fee:** The fee charged annually for the use of the credit account.
- **Additional Fees:** These include over-the-limit charges, late payment charges, and bounced or return check charges.
- **Credit Limit:** The amount of credit the creditor will offer you at one time. On credit cards, this is the maximum limit you may spend up to on your account.



UNDERSTANDING CREDIT

When choosing a credit account, there are many things that must be considered. It is required that all creditors disclose the terms of their credit account prior to a consumer opening the account. When you are ready to apply for a credit card, use the form below to compare cards. Think about how you will use your credit card. Do you expect to pay your monthly bill in full or will you most likely carry over a balance from month to month? Will you use your card for cash advances? What credit limit is right for your needs? Keep the answers to these questions in mind as you decide on the best credit account for you.

Feature	Card A	Card B	Card C
What are the APRs?			
For purchases?			
For cash advances?			
For balance transfers?			
If you pay late?			
What type of interest does the card have?			
Fixed, Variable, Tiered			
How long is the grace period?			
If you carry over a balance?			
If you pay off the balance each month?			
For cash advances?			
How is the finance charge calculated?			
One cycle or two?			
Including or excluding new purchases?			
Average or adjusted?			
Minimum finance charge?			
What are the fees?			
Annual			
Late-payment			
Over-the-credit-limit			
Set-up			
What are the cash advance features?			
Transaction fees			
Limits			
What kind of card is it?			
Secured? Regular? Premium?			
Does the card offer other features?			
Rebates, Frequent Flyer Miles, Other			
How much is the credit limit?			