

## WHAT TO LOOK FOR IN A CREDIT CARD

Not all credit cards are created equal! Just as you wouldn't purchase the first car you saw on the lot without comparing it with others, you shouldn't accept a random credit card offer that comes to you in the mail without reading the fine print. When shopping for a credit card, look for the following:

- ✓ **Low Annual Percentage Rate (APR).** The lower the APR, the less money you'll be charged to hold onto the balance. However, if you never carry a balance --- the most financially savvy thing to do --- the APR won't matter much. Most credit cards have disclosure clauses that allow the interest rate to be increased if you make a late payment on the subject credit card. Also, most credit cards charge a different --- higher --- interest rate for balance transfer and cash advance balances than the purchase balances.
- ✓ **Long grace period.** You'll want as much time as possible to gather up cash before interest kicks in. Most grace periods are between 15 to 30 days.
- ✓ **Low cash advance fees.** It is often best to avoid cash advances. There is no grace period on the withdrawal --- interest begins to accrue immediately --- and in most cases you'll be charged a service fee of between two to three percent of the cash advance.
- ✓ **Low balance transfer fees.** You'll be charged a service fee to transfer balances from other credit cards to your new credit card. The fee typically ranges from two to three percent of the total balance transfer.
- ✓ **No annual fee.** Why pay for the privilege of holding a credit card if you don't have to? If you are new to credit you may have to pay an annual fee, but after a year of good use, ask for the fee to be reduced or eliminated.
- ✓ **Low penalty fees.** If you make a payment after the due date, you will be charged a fee, and if you go over your credit limit, you will also be charged. While you should manage your account so neither of these events occur, do look for a credit card with the lowest penalty fees anyway.
- ✓ **Stable interest rate.** Most credit cards' disclosures indicate that the credit card company can adjust your interest rate if your credit score goes down during the lifetime of the credit card, even if you make timely payments on the subject credit card.

### Credit card comparison chart:

Credit card	<b>IBM SE FCU VISA Platinum Credit Card</b>	Other credit card	Other credit card	Other credit card
APR for purchase balance	as low as 7.90%*			
APR for cash advance balance	as low as 7.90%*			
APR for balance transfer balance	as low as 7.90%*			
Grace period	25 days			
Balance transfer fee	0% or \$0			
Cash advance fee	0% or \$0			
Annual fee	0%			
Late charge fee	\$30 after 10 days			
Over-the-limit fee	\$30			
Can interest rate change because of late payment or credit score changes?	no			

\*dependent on credit score. Rates can range from 7.90% - 15.15%