

Title:

How To Choose and Use Credit Cards

Word Count:

1177

Summary:

Chances are you've gotten your share of "pre-approved" credit card offers in the mail, some with

Keywords:

card, period, balance, charge, credit, issuer, account, billing, rate, finance, charges, method

Article Body:

Credit Card Terms

A credit card is a form of borrowing that often involves charges. Credit terms and conditions

The following are some important terms to consider that generally must be disclosed in credit

Annual Percentage Rate. The APR is a measure of the cost of credit, expressed as a yearly rate

The card issuer also must disclose the "periodic rate" - the rate applied to your outstanding

Some credit card plans allow the issuer to change your APR when interest rates or other econom

- that the rate may change; and

- how the rate is determined - which index is used and what additional amount, the "margin

At the latest, you also must receive information, before you become obligated on the account,

Free Period. Also called a "grace period," a free period lets you avoid finance charges by pay

Annual Fees. Most issuers charge annual membership or participation fees. They often range from

Transaction Fees and Other Charges. A card may include other costs. Some issuers charge a fee

Balance Computation Method for the Finance Charge. If you don't have a free period, or if you

Examples of balance computation methods include the following.

Average Daily Balance. This is the most common calculation method. It credits your account from

Adjusted Balance. This is usually the most advantageous method for card holders. Your balance

This method gives you until the end of the billing cycle to pay a portion of your balance to a  
Previous Balance. This is the amount you owed at the end of the previous billing period. Payme

Two-cycle Balances. Issuers sometimes use various methods to calculate your balance that make

If you don't understand how your balance is calculated, ask your card issuer. An explanation m

Other Costs and Features

Credit terms vary among issuers. When shopping for a card, think about how you plan to use it.

You'll probably also want to consider if the credit limit is high enough, how widely the card

Special Delinquency Rates. Some cards with low rates for on-time payments apply a very high AP

### Shopping Tips

Keep these tips in mind when looking for a credit or charge card.

- Shop around for the plan that best fits your needs.
- Make sure you understand a plan's terms before you accept the card.
- Hold on to receipts to reconcile charges when your bill arrives.
- Protect your cards and account numbers to prevent unauthorized use. Draw a line through
- Keep a record - in a safe place separate from your cards - of your account numbers, ex
- Carry only the cards you think you'll use.

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