



DOLLARS AND SENSE

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Eight Questions Credit Card Companies Don't Want You to Ask

If you're like most Americans, there's a pretty good chance that you received at least one offer for a new low-cost credit card this month. While some of those offers look tempting, with rates as low as 6 percent and no annual fee, you may want to use caution before abandoning your

Asking the right questions will insure that you're getting the best deal, one that won't end up costing you more in the long run. Before you sign, be savvy. Make sure you review the fine print the credit card company doesn't want you to read, or get them to answer to your satisfaction the following questions:

1. How long does the new rate last? If the offer isn't for at least six months to a year, it's not worth it. That's because you'll need at least that much time to pay down your balance at the new rate.
2. Does the introductory rate apply to new purchases as well as transferred balances? Many people assume when they transfer their balance to a new card that the low rate applies to any new purchases they make on the card. Usually card issuers offer the lower rate only on the transfer balance, and charge high rates on any new charges made to the card after the transfer. Be sure you know their policy before signing.
3. How high will the rate go when the trial period is over? Make sure that rate isn't higher than the one you're already paying.
4. Is there an annual fee for the new card? Even though the interest rate may be low, the offer may include a ridiculously high annual fee. Ask the issuer if they'll waive the annual fee; if not, wait for a better deal.
5. Is there a grace period for finance charges and how long is it? Ideal grace periods should be between 25 and 30 days before a charge appears on your account. But beware, some issuers begin charging interest expense the very day you use your card.
6. What does "pre-approved" mean? It may mean that the credit issuer will re-screen you after you sign, so if this is not disclosed in the offer, look elsewhere. Bad or soft spots in your credit

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history can be ample justification from a card issuer's standpoint to bump you to higher rates. Also, by simply applying for new credit, don't be surprised if you're FICO credit score takes a hit.

7. What is the charge for late payments? Beware of cards that charge a penalty the very first day you're late on a payment.

8. Will a late payment change the introductory rate? If you pay late, some card issuers will bump you to a higher penalty rate during the introductory period.

Invest the time to read the fine print on the offer. Remember, knowing the rules puts you on an even playing field with the credit card issuer. Don't be satisfied with skimming over these rules. And don't be satisfied with any credit issuer who can't answer your questions fully.

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