



UNDERSTANDING YOUR CREDIT CARD STATEMENT



Consolidated Credit Counseling Services, Inc.

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Congratulations on taking this important step to understanding your credit card statements. Consolidated Credit Counseling Services, Inc. has been helping Americans across the country solve their credit and debt problems for more than a decade.

*Our Educational Team has created over twenty publications to help you improve your personal finances. By logging on to **www.ConsolidatedCredit.org** you can access all of our publications free of charge. We have the tools to help you become debt free, use your money wisely, plan for the future, and build wealth. The topics Consolidated Credit addresses range from identity theft and building a better credit rating to how to buy a home and pay for college. On our web site you will also find interactive credit courses, a “Best of the Web” debt calculator, a personalized budgeting tool, and much more.*

*We are dedicated to personal financial literacy and providing a debt-free life for Americans. If you are overburdened by high interest rate credit card debt, then I invite you to speak with one of our certified counselors free of charge by calling **1-800-210-3481** for free professional advice. We also have partnership programs available where groups, businesses and communities can hold financial workshops and receive free money management guides and workbooks like the one you are reading now. Please call **1-800-210-3481** if you would like to discuss pursuing a personal financial literacy program.*

Sincerely,



President

Consolidated Credit Counseling Services, Inc.

Understanding Your Credit Card Statement

Understanding your monthly credit card statement can help determine whether your spending is in line with your budget. By reading and understanding the fine print (especially the fine print) of your statement, you can prevent overspending and become more educated on how your credit card program works. Ultimately, you will begin the process of preparing yourself to keep out of credit card debt.

Look carefully at your credit card statement and you will discover a lot of information. But you may wonder, what are the most important areas that you should be familiarizing yourself with? Consolidated Credit Counseling Services has prepared this guide to assist you in recognizing the most crucial elements of your credit card statement and to ensure that you learn the skills of credit card management.

The Front of Your Credit Card Statement

Annual Percentage Rate (APR)

The APR is a measure of how much your debt is costing you. It is expressed as an annual rate or by the amount of interest you would pay annually. Remember, the APR is a major key to calculating your monthly finance charges -- the higher the APR, the more money that will come out of your pocket to use this card. On most credit card statements, the APR is presented as both the APR and either a Daily Periodic Rate or a Monthly Periodic Rate. The better your credit card management is, the lower the APR will be.

Minimum Payment Due

The minimum payment is the amount of money you must pay on your credit card each billing cycle to remain in good standing with your creditor. The minimum payment is usually determined by your monthly balance and it varies according

to the formula each creditor uses. Minimum payments usually cover the finance charges and fees for the month plus a small amount of principle.

You must make at least the minimum payment by the due date. If you fail to make the minimum payment you will be putting your financial health in jeopardy. Creditors can charge outrageous late fees and raise your APR even if you are one day late. Also, payments made 30 days or later are recorded on your credit report, which is something that can affect your ability to get new credit. Strong credit reports are dependent on good credit card management.

Be aware though, if all you are paying is interest, making the minimum payment on your credit card bills just extends the life of your debt. You could compare your credit card debt to walking on a treadmill. You walk and walk but get no where closer to paying off your debt.

New Balance

The new balance on your credit card is the unpaid amount or what you still owe. It is usually determined by:

- Starting with the previous month's balance
- Subtracting any payments or credits
- Adding new charges, miscellaneous fees and finance charges for the current billing cycle

Be sure to look over your statement to make certain that the numbers are correct. This is a crucial part of credit card management. Here is a general example.



Balance Summary	Amount
Previous Balance	\$747.94
Payments	-500.00
Credits (for returned purchases)	-21.84
Purchase & Other Charges	+ 795.47
Cash Advances	+ 0.00
Late Fee	+ 0.00
Over-limit Fee	+ 0.00
Finance Charge	+ 17.45
New Balance	\$1,039.02

Finance Charges

Finance charges are also known as interest. In a nutshell, this is what you pay a lender for borrowing money from

their credit card. The finance charge on your monthly credit card statement is the interest you pay on the balance of your account – that is why you should always try to keep a very low balance.

Grace Period

Your grace period is the number of days you have before you trigger a finance charge from your credit card company. Remember, study the fine print on your statement, because that is where you will find the grace period that the credit card company offers.



But keep in mind, on most credit cards the grace period only benefits those whose previous month's balance has been paid in full.

So unless you have paid your credit card in full the previous month, you probably cannot take full advantage of the grace period. Those with good credit card management enjoy more benefits from the credit card companies. And regarding cash advances, there are no grace periods, even if the previous balance was paid in full.

Credit Card Fees

Credit card fees differ depending on the type of card that you use. Read the fine print on your monthly statement and the annual disclosure statement. Fees can jump up at the most inappropriate time, so be aware of them.



Here are a number of general fees to be conscious of:

Annual Fee - An annual fee is what you pay to have a credit card. The amount of the annual fee could vary from card to card. Some cards that offer benefits such as frequent flyer miles may have a higher fee. But do yourself a favor and research as many cards as possible. There are cards that have no annual fee and you may be able to find a card that matches your financial needs.

Late Fee - This is a fee you pay the bank or credit card issuer if your monthly payment is received after the due date. The late payment fee will differ, so again, do your research and find a credit card that charges the least amount if you happen to be late on a payment. Also, another bad thing about late payments is that they show up on your credit report.

Over Limit Fee – Also known as over-the-credit-limit

fee. Each credit card has a credit line that is usually found on your lender's review of your credit report. If you go over your credit limit a penalty will be assessed each time it happens.

Returned Check Fee - If the check you send your credit card company bounces, you can be sure that they will add an additional fee for the returned check. And your bank will gladly charge your checking account for this mistake. It is called an overdraft fee.

The Back of Your Statement

The fine print on the back of your credit card statement is also packed with very important information. Here are some points you should look for:

Cash Advance Fee - This fee is charged if you use your credit card for a cash advance. This may be a flat fee or a percentage of the cash advance.

The interest that is associated with cash advances is usually higher than the rate you pay on purchases you ordinarily make with your credit card. You will probably be paying off that higher interest rate until you pay your credit card bill in full. To ensure good credit card management, try to avoid taking cash advances from your credit card.

Lost or Stolen Cards - As soon as you realize your credit card has been lost or stolen, report it

immediately. A number to call is on the back of your credit card statement. If you contact the credit card company before the thief uses it, you will not be responsible for these charges. If you do not, you will be responsible for the first \$50 of charges.

Read the cardholder agreement or yearly disclosure statement that comes with your credit card to learn more about lost or stolen cards. If you phone your creditors about a lost or stolen card, document the important information regarding the card and save it so you will have it for future reference.

The situation changes dramatically if a family member or someone you know uses your card without your permission. You will then have to take legal action against them to have the unauthorized charges eliminated from your account.

Other Fees - Some credit card companies charge a fee if you pay by telephone. They may also charge a fee to cover the costs of reporting to credit bureaus, reviewing your account, or providing other customer services. Read the information in your credit card agreement to see if there are other fees and charges.

Credit Card Ownership

When you take ownership of a credit card you are taking on a financial risk. Educate yourself so you minimize the risk – learn about the credit card by reading your

monthly statements. Be diligent. If you start to lose interest in your credit card statement and do not practice proper credit card management, it could be very damaging to your personal financial situation.



CONSOLIDATED
CREDIT COUNSELING SERVICES, INC.™
When debt is the problem, we are the solution.

About Consolidated Credit Counseling Services, Inc.

Consolidated Credit Counseling Services, Inc. is a consumer oriented, public education organization. We are an industry leader in providing credit counseling and debt management services throughout the United States.

Our mission is to assist individuals and families end financial crises and help them solve money management problems through education, motivation, and professional counseling.

We are dedicated to empowering consumers through educational programs that will influence them to refrain from overspending and abusing credit cards, as well as to encourage them to save and invest. We sponsor local free seminars that are also available to any group or organization that requests our educational services.

Our professionally trained counselors have assisted thousands of families across the United States. Regardless of whether your financial problems are due to the purchase of a new home, birth of a child, major illness, or any other circumstance, we can help.

Our organization is funded primarily through voluntary contributions from participating creditors. Our programs are designed to save our clients money and liquidate debts at an excellent rate.

Consolidated Credit Counseling Services, Inc. is a member of the Better Business Bureau, the United States Chamber of Commerce, the Greater Fort Lauderdale Chamber of Commerce, the Association of Independent Consumer Credit Counseling Agencies, and the International Credit Association.

You can be **debt free**



There is help waiting for you now.

- Reduce or eliminate interest charges.
- Consolidate credit card bills into one lower monthly payment.
- Pay off your debt in half the time.
- Save thousands of dollars.



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